

# Nation's Business<sup>®</sup>

Published by U.S. Chamber of Commerce - \$2.70

**Teenagers Who Run  
Their Own Businesses**

**Tips For Your  
Tax Planning**

**Building Bridges  
To Minority Firms**

## Profiting From Free Trade

*How a unified  
North American  
market would  
offer new  
opportunities  
to many small  
U.S. firms*



DECEMBER 1992



1.2

0 71486 02685 3

Building inexpensive computers isn't exactly earth-shattering news. Building inexpensive computers that still deliver IBM quality is. Yet, that's precisely what PS/ValuePoint™ does.

## Introducing PS/ValuePoint



*Model 325T*  
386 SLC™ 25 MHz System  
2MB RAM, 80MB HD  
5 AT Slots/5 Bays  
IBM Enhanced Keyboard/  
Mouse/SVGA  
DOS 5.0 Pre-installed  
PS/2® 8511 Color Display-VGA  
**\$1,299\***

PS/ValuePoint is a whole family of computers that lets you spend less, without settling for less. Lets you economize, without compromise.

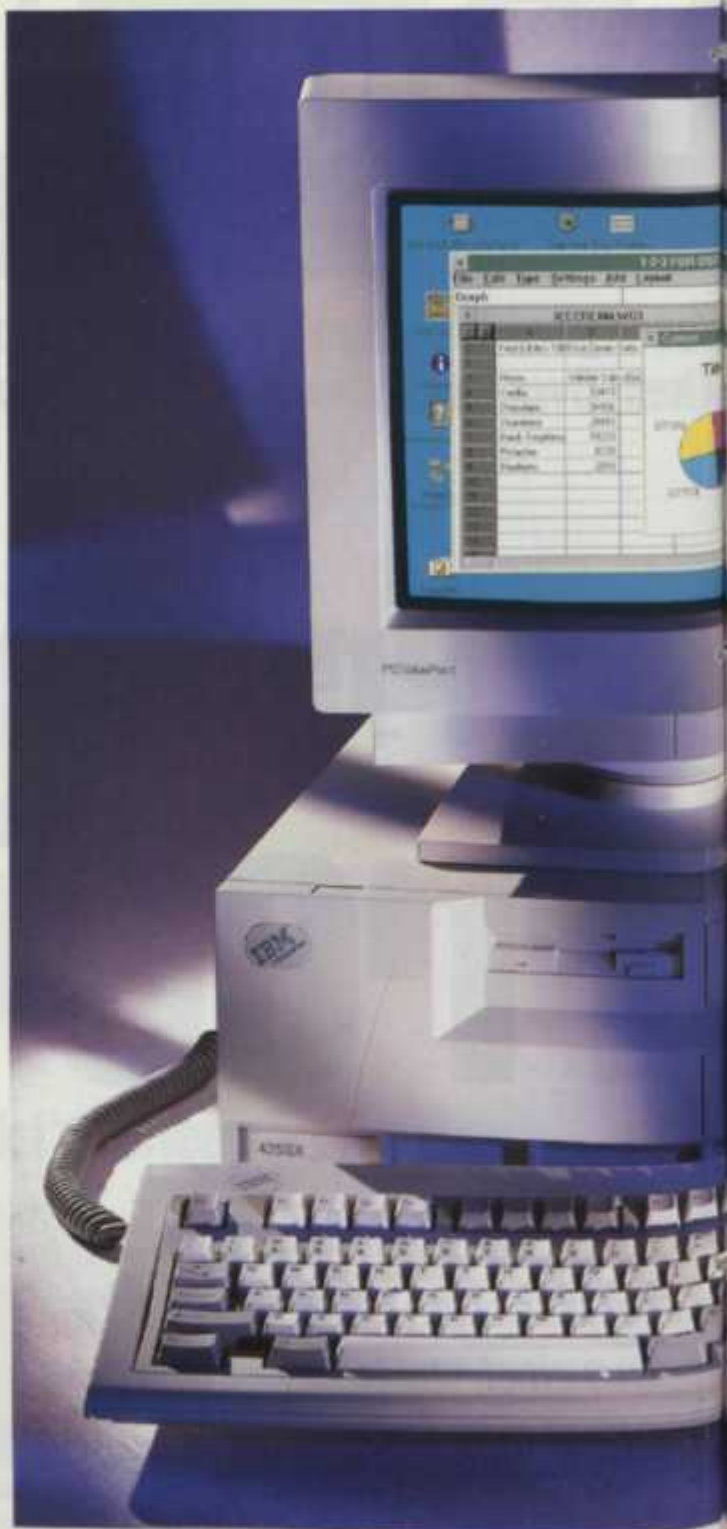
Each PS/ValuePoint is engineered to the IBM standards that have defined the personal computer industry. And rigorously tested to meet IBM's stringent demands for quality and reliability.

The PS/ValuePoint family is fully networkable, and Novell®-certified for use with Ethernet or Token-Ring LANs. So the PS/ValuePoint not only keeps your costs down, it protects the investments you've already made.

IBM also provides expandability for base products by offering new IBM hard drives, diskette drives and memory upgrades.



\*IBM prices, dealer prices may vary. \*\*Next business-day response when serviced by IBM or IBM Authorized Personal Systems Services. Available Monday-Friday, 8 a.m. to 5 p.m. in your time zone. Warranty and 30-day guarantee information available from IBM or IBM authorized dealers. †In Canada, call 1-800-485-7999. IBM, OS/2 and PS/2 are registered trademarks and PS/ValuePoint, SLC, HelpWare and HelpCenter are trademarks of International Business Machines Corporation. Novell is a registered trademark of the Novell Corporation. The Intel Inside logo is a trademark of Intel Corporation. © 1992 IBM Corp.



\*Models 425 SX and 433 DX are shown with the PS/ValuePoint 6314

# Computers that do pr for practice





Color Monitor.

And every PS/ValuePoint includes one other very important point—Helpware.<sup>™</sup> IBM's unparalleled service and support that offers one-year, on-site, next-business-day service.<sup>\*\*</sup> Around-the-clock assistance by telephone, bulletin board or automated fax. A 30-day money-back guarantee.<sup>\*\*</sup> Licensed Education Centers. And a generous trade-in program. Plus, IBM Credit Corporation has flexible leasing and financing packages to meet your needs.

That's a support package you might not expect even on the most expensive computers. On the PS/ValuePoint it's nothing short of phenomenal. As you can see, we've stripped down the price—but not the product.



*Model 433 DX<sup>†</sup>  
486 DX 33 MHz System  
8MB RAM, 120MB HD  
Upgradable Processor  
5 AT Slots/5 Bays  
IBM Enhanced Keyboard/  
Mouse/SVG-A  
OS/2 2.0 Pre-installed  
PS/ValuePoint 6312  
Color Display  
**\$1,999\****

Power. Quality. Service. Support. The PS/ValuePoint is everything you could ask for in a computer at much less than you'd expect us to ask.

For more information or an IBM authorized dealer near you, call our Personal Systems HelpCenter<sup>™</sup> at 1 800 772-2227.<sup>††</sup>

*Model 425 SX,  
486 SX 25 MHz System, 8MB RAM, 80MB HD  
Upgradable Processor, 5 AT Slots/5 Bays  
IBM Enhanced Keyboard/  
Mouse/SVG-A  
OS/2<sup>®</sup> 2.0 Pre-installed  
PS/ValuePoint 6312  
Color Display  
**\$1,629\****

**IBM**

actically everything,  
ally nothing.

Circle No. 27 on Reader Service Card



# Nation's Business®

Published by  
U.S. Chamber of Commerce  
Washington, D.C.



PHOTO: SHERRY WOLFE, JR.

**Exports to Mexico** will rise under the North American free-trade pact, says musical-instruments maker Hartley Peavey, right, with research supervisor Jim Decola. Cover Story, Page 18.



PHOTO: DWISS CHAPPELL

**Professional friendships** build ties between white-owned and minority firms, says entrepreneur Colette Phillips, meeting with former banker Robert Spiller. Minority Business, Page 29.

## COVER STORY

### 18 Broader Horizons For Free Trade

U.S. trade ties and export opportunities in Canada and Mexico would grow even larger under the North American Free Trade Agreement, a pact that would turn the three nations' markets into one.

- 20—NAFTA: Your Edge In The Mexican Market
- 21—NAFTA's Prospects
- 25—NAFTA By The Numbers

## MINORITY BUSINESS

### 29 Building Bridges To Minority Firms

Here are concrete ways that companies can help minority enterprises—and in turn strengthen the economy.

- 30—A Minority-Capital Shortfall
- 32—Organizations, Publications

## SMALL-BUSINESS COMPUTING

### 34 Portables And Solutions

Printers that go with you; accounting without esoterica; software for solutions.

## BENEFITS

### 37 Pension Plans: 3, The IRS: 0

Government efforts to tax and penalize certain small-firm pension-plan contributions lose in court.

## FINANCE

### 38 Tax-Planning Tips

These steps can help you keep your company's tax bill to a minimum.

## ENTREPRENEURSHIP

### 42 Early Achievers

Many teenagers like the freedom—and the income—of running their own firms.

## RETAILING

### 46 It Pays To Deliver

Small companies are delivering everything from pizzas to pet services, and customers like the convenience.

### 53 Shopping Malls' Appeal

Small retailers like the high traffic and the incentive programs offered by regional and specialty malls.

54—Is A Mall For You?

## PLANNING

### 52 They're Counting On You

The Economic Census forms being mailed soon to firms—possibly yours—will gather detailed data that you can use.

## FAMILY BUSINESS

### 57 Fears Of Estate Planning

Making estate plans; identifying a firm's characteristics; looking for options.

## MARKETING

### 62 A Sporting Chance

About 5,000 new sports and recreation products are unveiled yearly—and some survive.

## MANAGING

### 64 You Need Not Be Big To Benchmark

Measuring your products and practices against your strongest competitor's is a component of many Total Quality Management programs.

## REGULATION

### 66 Deep Trouble For Gas Stations

Federal environmental rules for underground gasoline tanks could cause the closing of thousands of gas stations.

## POLL RESULTS

### 77 Tight Credit Persists For Firms

Respondents to our Where I Stand poll still feel the pinch of unavailable credit for their companies.

## WHERE I STAND

### 76 On The Election Results

Results of this poll will be provided to leaders of Congress and the administration to inform them of your expectations after the 1992 balloting.



# Editor's Note

## Small Firms' Southern Horizons

President Bush's many legacies to the nation include major progress in convincing other nations of the importance of open markets to a healthy global economy. Some U.S. trading partners accepted his leadership slowly, even grudgingly, while others embraced it enthusiastically. Among the latter are Canada and Mexico. After the U.S. and Canada entered into a free-trade agreement in 1989, a new round of discussions, principally with Mexico, led to the North American Free Trade Agreement. The pact was signed this past October by leaders of the three nations and awaits final approval in their respective legislatures.



We provided details on the U.S.-Canada agreement in our issue of September 1989, and our cover story this month, on Page 18, reports on this year's North American Free Trade Agreement, which will have a particularly strong impact on U.S.-Mexico trade. A major aspect will be the many opportunities that will open for American small businesses to begin or expand trade relationships with companies and consumers south of the border.

If you think that participating in international trade is too ambitious an undertaking for your company, this article could well start you thinking otherwise.

Our staff is already deep into the research for the next edition of our annual—and exclusive—economic outlook for small business. This report runs each January, and it has been a highly accurate forecast of the state of the economy in the new year. There will be a special element in the 1993 economic equation—the arrival of a new president and a new Congress with the avowed goal of stimulating economic growth. The impact of the election results on economic expectations will be among the many critical points covered in next month's cover story. I guarantee you'll find more information of small-business interest in that report than in any of the other economic projections you'll be seeing over the coming weeks.



*Robert T. Gray*  
Robert T. Gray  
Editor



PHOTO: BARNOLD ADLER

All walks of life are skeletonized in Henry Galiano's natural-history store, in New York City. *Making It*, Page 14.

### DEPARTMENTS

- 4 Letters
- 6 Entrepreneur's Notebook
- 8 Dateline: Washington
- 10 Managing Your Small Business
- 14 Making It
- 67 To Your Health
- 68 Direct Line
- 70 For Your Tax File
- 71 It's Your Money
- 73 Classified Ads
- 79 Editorial
- 80 Free-Spirited Enterprise

Cover Design: Alberto Pacheco

Nation's Business (ISSN 0029-0470) is published monthly at 1215 H Street, N.W., Washington, D.C. 20002-2090. 2d. class. 495-9890 (national). Advertising Sales Headquarters: 711 Third Ave., New York, N.Y. 10017. 2d. class. 212-379-1440. Copyright © 1992 by the United States Chamber of Commerce. All rights reserved. Subscription prices: (United States and possessions) one year, \$20; two years, \$35; three years, \$48. For Canadian and other foreign subscriptions, add \$20 per year. Printed in U.S.A. Second class postage paid at Washington, D.C., and additional mailing offices. POSTMASTER: Send address changes to *Nation's Business*, 4340 Nicholson Court, Kensington, MD 20891. To inquire about your subscription, or to make a change of address, please call 1-800-878-8342, or in Maryland, 1-800-252-1455. Photocopy permission: Where necessary, permission is granted by the copyright owner for those registered with the Copyright Clearance Center (CCC), 21 Congress St., Salem, Mass. 01970, to photocopy any article herein for a flat fee of \$1.50 per copy of each article. Send payment to the CCC. Copying without express permission of *Nation's Business* is prohibited. Address requests for bulk orders to *Nation's Business* Reprints, 1215 H Street, N.W., Washington, D.C. 20002-2090, or call (202) 462-5677. 2090-0470/92 \$2.00.



# Nation'sBusiness

# Letters

The United States Chamber of Commerce, publisher of *Nation's Business*, is a federation of businesses, trade associations, local and state chambers, and American chambers of commerce abroad.

## CHAIRMAN OF THE BOARD

H. William Lorton  
PRESIDENT  
Dr. Richard L. Lasher  
SENIOR VICE PRESIDENT/COMMUNICATIONS  
Dr. Carl Grant  
VICE PRESIDENT/PUBLISHING  
David A. Rice

## EDITOR

Robert T. Gray  
MANAGING EDITOR  
Mary McElveen  
ASSISTANT MANAGING EDITORS  
Terence F. Shea, Roger Thompson  
SPECIAL CORRESPONDENT  
Sharon Nelson

## SENIOR EDITORS

Joan C. Sasse, Albert G. Holsinger,  
Michael Barrier  
ASSOCIATE EDITORS  
Janet L. Wilson, Meg Whittemore

## SENIOR WRITER

David Warner

## STAFF WRITER

Bradford McKee

## CONTRIBUTING EDITORS

Henry Altman, Ripley Hatch, Julie Candler, John L. Ward,  
Craig E. Aronoff, Jon Pepper, Charles A. Jaffe,  
Peter Weaver, Albert B. Ellantuck, Kevin P. Meath

## ART DIRECTOR

Hans A. Baum

## ASSISTANT ART DIRECTOR

Alberto Pacheco

## SENIOR DESIGNERS

Angela Reed, Kathy Reuter

## SENIOR ARTIST

Kathleen Vetter

## PHOTO DEPARTMENT

Laurence L. Levin, photo editor  
Frances Borchardt, assistant photo editor  
T. Michael Koss, chief photographer  
ART PRODUCTION ASSISTANT  
Theodore D. Taylor

## PRODUCTION DIRECTOR

Shelia Yoder

## PRODUCTION MANAGER

Jeffrey W. Bartlett

## PRODUCTION COORDINATOR

Stephanie Obranovich

## PRODUCTION ADMINISTRATOR

Seretha Armstrong

## U.S. ADVERTISING

Robert H. Gotshall, marketing director  
(212) 354-1190  
Pete McCutcheon, Eastern advertising director  
(212) 370-1440  
Kathleen Brown, administrator  
ADVERTISING MANAGERS  
Atlanta (404) 393-0140  
James M. Yandell  
Chicago (312) 245-3526  
Terry Kay Nadeau  
Dallas (214) 387-0404  
Richard Chalkley  
Southfield, Mich. (313) 354-1180  
Richard Toppan, Michael McNew  
Los Angeles (213) 651-1466  
Tom Bowman  
New York (212) 370-1440  
Jerry V. Camporese, Neil Haxton,  
Bart McDonnell, Carol Campbell  
San Francisco (415) 421-7430  
Richard A. Sands

## CLASSIFIED ADVERTISING

(212) 463-6640

Jonathan Shover, manager

Marla Scher, sales representative

## INTERNATIONAL MARKETING

(212) 463-6716

El Motaz Sonbol, director

## CIRCULATION

Elizabeth A. Allen, director

Lucy Oliver, manager

Liane Glass, marketing services manager

## PROMOTION AND RESEARCH

Janine Grossman, director

Nancy Swanson, research manager

Diane Lewis, promotion coordinator

## BUSINESS MANAGER

Leonard I. Riggs

## An Option For Health Insurance: Fund It On Your Own

The October cover story ["How To Buy Health Insurance"] was very informative, but it omits the option of a self-funded plan except in reference to multiple employer welfare associations.

Self-funding is beneficial for firms with as few as 25 employees. Recent surveys show that 65 percent of U.S. employers use self-funded health plans. These plans reduce fixed expenses, provide improved cash flow, and allow much greater flexibility in plan design. Robert Lindauer  
Chief Financial Officer  
Boon-Chapman  
Austin, Texas

## Nation'sBusiness

Small Business News  
Health Insurance News  
What's New In  
Products For 1993  
Technology That  
Makes A Difference



## The Law In New Hampshire ...

The story listed New Hampshire as one of 19 states that have enacted "guaranteed issue" laws that prevent insurers from using medical underwriting to reject individuals or groups. Unfortunately, this statement does not accurately portray our law, which will be effective Jan. 1, 1993.

As written, our new law permits an insurer to use medical underwriting to evaluate the application of a group. Based on the insurer's findings, it may reject the group. If it accepts the group, it must insure all members of the group. The insurer must also commit to accepting all future new members of the group.

As you can see, our new law falls short of being a "guaranteed issue" law. Still, we are optimistic that it will widen access to health insurance for many employed by small businesses.

Robert C. Warren, Jr.  
Director, Life & Health Division  
State of New Hampshire,  
Insurance Department  
Concord, N.H.

## ... And In New Jersey

A few comments: First, New Jersey is not a "guaranteed issue" state. There is pending legislation for such a law, but the closest thing to it now is Blue Cross/Blue Shield, which accepts everybody.

In addition, Pennsylvania, which is missing from the list, has had such a law for several years.

Second, your example of J.T.L. Trucking and its difficulty in obtaining health

insurance is true of most trucking companies, not just road carriers. It is difficult to get—but not impossible.

Most of our clients are trucking companies, so we know that if the request is presented properly, J.T.L. Trucking or any business can get good coverage from several insurance companies. It requires

showing that you run a business the proper way and working with an insurance broker who is willing to do the work for you.

Armand Bucci  
President  
Life With Health, Inc.  
Vice President  
Pappas Trucking Insurance, Inc.  
Turnersville, N.J.

[Editor's Note: Two usually reliable sources—the Blue Cross and Blue

Shield Association and the Health Insurance Association of America—provided us with lists of states that have passed small-group market reforms, including guaranteed issue. We regret the errors.]

## Health Insurance For Workers Improves Productivity

Mandating that employers provide health insurance for their workers and dependents ["Job Losses From Play-Or-Pay Option," Benefits Update, October 1992] does not, in and of itself, cause the loss of jobs. Your article did not outline the assumptions the Republican staff of the congressional Joint Economic Committee must have made to come to that conclusion. Mandating that employers provide health insurance is not the same as mandating that employers pay for those premiums.

As a company of 60 employees, we are not in a position to cover the full costs of our employees' health-insurance programs. We do believe, however, that we have a moral obligation to use our purchasing power to provide them access to those programs. Once the programs were established, the paperwork and administrative costs have been minimal. In fact, productivity has improved thanks to the improved mental and physical well-being of our work force.

My first choice would be that the federal government do a better job of educating employers about the benefit of providing health insurance. That being an expensive and not always effective approach, and given our current budget



deficit, I support a federal mandate.

The health of our work force is a key ingredient to our international competitiveness.

*Kevin R. Honley  
President  
Service 2000  
Minneapolis*

## The Older They Get, The Better We Like Them

Your focus on corporate investments in marketing their products and services along the Senior PGA Tour ["Small Firms' Senior Links," September 1992] hit the nail on the head.

The over-50 demographics garner maximum attention with minimum waste and unbeatable name recognition for most companies.

To take it a step further, companies are successfully promoting their interests through individual Senior PGA legends [like Jack Nicklaus, in photo at right]. There is great history and respect for these ultra-accomplished professional golfers.

*Richard Katz, Director of Marketing  
Pinnacle Enterprises, Inc.  
Vienna, Va.*



PHOTO: GUY LAWRENCE/ALLSPORT

## A Divergent View On The Diversified Work Force

Your September cover story, "Winning With Diversity," contains the statement that 85 percent of new entrants in the U.S. labor force over the 1990s will be women, nonwhites, and immigrants. This figure from the Hudson Institute's *Workforce 2000* study is incorrect.

The study attributes 15 percent of net change (which the institute erroneously calls "net entrants") between 1985 and 2000 to "native" white men. The most recent projections prepared at the Bureau of Labor Statistics show white, non-Hispanic men are projected to make up 32 percent of entrants, while women and minorities would make up 68 percent of entrants. In total, there are projected to be 55.8 million labor-force entrants from 1990 to 2005. It is from this group and not from net change that recruiters will hire. Therefore, we believe the concept "net entrants" is subject to a great deal of misinterpretation.

The net change data are calculated by comparing the net change of a specific sex, race, or Hispanic-origin group with the net

change of the overall labor force. The Hudson Institute erroneously identified this measure in the executive summary of its report as "net entrant," and many people have referred to it as "entrant." It is neither.

The Bureau of Labor Statistics calculates the number of entrants by comparing a specific sex-race birth cohort in 2005 with the same cohort in the base year, in this case 1990.

Thus, in 2005, none of those under the age of 30 could have been in the labor force in 1990, so all, by definition, must have entered between 1990 and 2005. Older cohorts are examined and compared with their labor-force size in the base year. This is done separately by sex and by race and Hispanic origin for each labor-force cohort.

In other areas, our analysis and data more closely agree with those of the Hudson Institute. We now project that 63 percent of women will be in the work force in the year 2005, when women are expected to make up

47 percent of the labor force.

*Ronald E. Kutscher  
Associate Commissioner  
Bureau of Labor Statistics  
U.S. Department of Labor  
Washington, D.C.*

## Clarifying A Tax Deduction

In "The Tax Advantages Of A Home Office" [For Your Tax File, October], the author stated that if you use 10 percent of your home solely for business, you can deduct 10 percent of your mortgage principal and depreciation on your home.

This would be double dipping. Rather, you may deduct 10 percent of your mortgage interest on your schedule C as well as take depreciation on your home.

*Steven G. Haldeman, CPA  
Rogers & Haldeman  
Las Vegas*

[Editor's Note: The error was not the author's but was introduced in the editing process.]

Send letters to Editor, Nation's Business, 1615 H Street, N.W., Washington, D.C. 20062-2000, and include your phone number. Letters addressed to the Editor will be considered for publication unless the writer requests otherwise, and they may be edited and condensed.

## Put Your Company On Display

THE PROFORMER . . . .



THE PRO . . . .



PRO TABLE TOP . . . .



Made in the U.S.A.



### All PRO Portable Displays:

- Unconditional lifetime warranty
- Sets up in minutes
- Ships Via Airlines, UPS, Fed-Ex
- Complete Graphic Capabilities
- Locations Worldwide

For FREE color brochure and information,  
call today or complete coupon and mail

NAME \_\_\_\_\_

COMPANY \_\_\_\_\_

ADDRESS \_\_\_\_\_

CITY \_\_\_\_\_ ST \_\_\_\_\_ ZIP \_\_\_\_\_

PHONE \_\_\_\_\_

617A

**PROFESSIONAL  
DISPLAYS, INC.**

U.S.A. 800-222-6838

Canada 416-291-2932/FAX 818-966-4067

746 Arrowgrand Circle, Covina, CA 91722-2198



# Entrepreneur's Notebook

By Arthur Groom

## Stay Focused And Flexible

**W**hether you've been in business a long time or are just starting out, you'll succeed if you follow one important guideline: Stay focused.

Even though sales have been slow for many retailers in recent months, my firm's sales were up 30 percent in December 1991. In January, they jumped 13 percent. And we are confident that our sales for 1992 will exceed last year's.

My firm, Arthur Groom & Company, in Ridgewood, N.J., makes and sells fine jewelry. Our subsidiary, American Trading Co., imports precious stones. We have made a conscious decision to be a maverick in our industry. For example, instead of buying diamonds from a cartel, as most jewelers do, we go to mines around the world, select our own gems, and establish our own prices.

But how does a company set out on such a course? The first thing all entrepreneurs need to do is come up with a solid business plan. Come up with detailed answers for questions such as: What do you want to do? What is your market? Who will buy your goods?

In choosing your direction, stick with what you like. This will increase the chance that you will be driven to excel in your field.

I never intended to be a gemologist, for example. I began my career as a commodities broker for Merrill Lynch. But I

always dreamed of running my own business. Then a chance meeting with a friend changed my life. He said: "Do you remember those courses on gems you took in college? Maybe you could go into that business."

My boss said: "You'll be back in six months." In fact, I liked gemology, and my firm's sales have grown to \$12 million a year. That growth has been carefully controlled and directed, however.

While it is critical to stick with your plan, you still must be flexible. The biggest mistake I see other people making is allowing a business plan to become static. The plan should be in a constant state of development. For example, if market conditions change, you may need to adjust your plan. But stick with your basic business concept.

One thing that has caused us to make adjustments is listening to customers. A few years ago, we tried something: Instead of asking customers specific questions, we left some of them open-ended. We replaced queries like "Would you like a marquise setting on that?" with "What kind of a setting would you like?" We found our sales went up when we talked to customers in a caring way that encouraged them to be in the driver's seat.

These service-oriented adjustments in how we conduct our business have paid off by building customer trust and loyalty.

Determining which adjustments to make won't always be easy. You'll often find yourself faced with tough questions. If you've decided to do things one way and you see someone else succeeding by doing them differently, should you make an exception to your plan? During the 1980s, I watched other companies in our field expand by going deeply into debt. This led to runaway growth for a few years,

followed by big repayment problems. More than once, people suggested I do the same thing. But my plan called for me to serve a particular vertical market with adequate resources.

Just as tempting was the idea of starting a chain of stores. While that may be viable for others, my own goal has been to concentrate first on offering merchandise in one big, beautiful facility (3,000 square feet, or five times larger than the industry average) and then plow future profits back into growth.

The most critical challenge we've faced as a business is in staying the course. It's easy to get sidetracked. How can you stay on target? What's the glue that can help you stick to your goals?

The answer is to build in your own personal fail-safe system to help you through the easy and difficult periods alike, and stay focused.

Every day, I write down what I'm going to do the next day. Every Sunday night, I write down a program for the coming week. Every month, I look at how I'm doing for the year. And every year, I examine my plan for the next three to five years.

Each person who works for me has a book in which he or she writes down daily, weekly, monthly, and yearly goals. And the first question I ask every person I consider employing is: "Where do you see yourself five years from now?"

It may sound difficult, but once you make planning a habit, you can't help but succeed.



PHOTO: STEVE WISNIEWSKI—BLACK STAR

**Gemologist Arthur Groom: Look ahead.**

## What I Learned

*By giving people the information they need to know before they make a purchase, they feel empowered. If you do everything you can to offer consumers excellent service, they will keep coming back for more.*

Arthur Groom is president of Arthur Groom & Company, in Ridgewood, N.J.

Readers with special insights on meeting the challenges of starting and running a business are invited to contribute to Entrepreneur's Notebook. Write to: Editor, Nation's Business, 1615 H Street, N.W., Washington, D.C. 20062-2000.





Buckle Up, America!  
Always wear your seat belt. Air bags help, but don't  
substitute for a seat belt.



*The Eighty Eight® Royale® not only gives you the protection of a driver-side*

---

**EIGHTY EIGHT ROYALE.**  
**THINK OF IT**  
**AS 54,464 OUNCES**  
**OF PREVENTION.**

---

*air bag, controlled*

*crumple zones and*

*a safety cage, it goes*

*beyond. It provides*

*you with engineering that helps prevent an accident in the first place,*

*such as anti-lock brakes and front-wheel drive. And to prevent you*

*from ever feeling alone on the road, you get the Oldsmobile Edge™*

*standard. It's the most complete commitment to owner satisfaction*

*in the industry. The Eighty Eight Royale. See how far an ounce of*

*prevention can take you. For more information, call 1-800-242-OLDS.*

**OLDSMOBILE**

**THE POWER OF INTELLIGENT ENGINEERING.**

# Dateline: Washington

*Business news in brief from the nation's capital.*

By Albert G. Holzinger

## GOVERNMENT SERVICES



PHOTO: GREGG MARKEL  
SBA Administrator Patricia F. Saiki shows off the new national electronic bulletin board.

### Small-Business Information Available Through Your PC

Free information from the Small Business Administration (SBA) is almost instantly available if you have a personal computer and a modem in your office or home.

The agency's new national electronic bulletin board, which it calls SBA On-Line, provides details of SBA services and publications concerning its loan, procurement-assistance, and business-development programs. The bulletin board also features an up-to-date calendar of small-business events, including training pro-

grams, seminars, and international trade fairs.

Information can be read on your computer monitor and discarded, or it can be downloaded to a floppy or hard disk and printed.

"This is high-tech help for small-business owners when and where they need it. It's free, it's fast, it's easy. It's a government service that never sleeps," says SBA Administrator Patricia F. Saiki.

To use the bulletin board, call 1-800-859-INFO if you have a 1200- or 2400-baud modem; call 1-800-697-INFO if you have a 9600-baud modem.

## TRANSPORTATION COSTS

### House Fails To Provide Relief For Small Shippers

The House adjourned for the year without passing a bill—sent to it by the Senate—that would have protected businesses faced with additional charges for truck-shipping bills they consider paid in full.

The issue arose over discount rates negotiated by shippers and truckers that are lower than charges specified by the Interstate Commerce Commission (ICC). Some of those truckers have since gone bankrupt, and auditors for trucking companies are now billing shippers for the

difference between their payments and the ICC tariff.

In 1990, the Supreme Court declined to rule these \$30 million in billings unlawful but said that Congress could provide relief.

The Senate-approved Undercharge Equity Act of 1992, among other provisions, would have let small firms satisfy claims by paying only 5 percent of the difference between the ICC rate and what they had paid previously.

Congress is expected to take up this matter again when it convenes next year.

## TAXES

### Social Security Tax Base, Earnings Limit To Rise

The amount of wages subject to the Social Security and Medicare payroll taxes in 1993 will be \$57,600 and \$135,000, respectively. Comparable figures for 1992 were \$55,500 and \$130,200.

The tax rate paid by employers and wage earners will remain unchanged next year at 7.65 percent of wages—6.2 percent for Social Security and 1.45 for Medicare. For self-employed individuals, the rate will remain at 15.3 percent of earnings—12.4 percent for Social Security and 2.9 percent for Medicare.

The wage bases go up automatically under existing law. The Social Security programs, which include retirement, disability, and survivors' benefits, are indexed to the cost of living. The wage base for Medicare goes up in line with increases in the average wage paid to all workers. (For a look at Social Security benefits, see *For Your Tax File*, on Page 70.)

The Social Security and Medicare wage bases were the same until last year, when the latter was increased to \$125,000 from \$51,300 in one step as a result of a 1990 budget compromise.

—Joan C. Szabo

## INTERNATIONAL TRADE

### U.S.-Mexico Tax Treaty Supplements Trade Pact

Officials of the United States and Mexico recently concluded a tax treaty that should stimulate the flow of capital between the two nations.

Among other things, the treaty will substantially reduce the withholding burden on dividends, interest, and royalties paid by U.S. companies with operations on both sides of the border.

"The North American Free Trade Agreement [NAFTA] will remove most barriers to the movement of [commerce] between the U.S. and Mexico. And the tax treaty will remove a remaining barrier—high withholding taxes," says Edwin J. Reavey, an expert on international taxation in the Washington, D.C., office of Coopers & Lybrand, an accounting and consulting firm.

Like NAFTA, the tax treaty cannot take effect until it is approved by the U.S. and the Mexican legislatures. (See also the Cover Story on NAFTA, Page 18.)



# Turning Student Athletes Into Teachers

In the coming years, America's public school system must prepare to educate a new wave of students – the children of the baby boom generation. The U.S. Department of Education projects that from now until 2001, the demand for hiring public school teachers will increase by 18 percent. The question now arises: Who will teach the baby boomers' children?

Part of the answer may come from the "Hitachi Promise of Tomorrow" scholarship program recently launched by the College Football Association (CFA) and underwritten by Hitachi, Ltd. This program will encourage student athletes to take the lessons learned on the football field today and teach children in the classrooms tomorrow.

During the next academic year, the "Hitachi Promise of Tomorrow" program will award \$335,000 in scholarships at the 67 CFA member universities. Eligible students include outstanding senior or graduate students who have participated in the college football program as players, trainers, or managers.

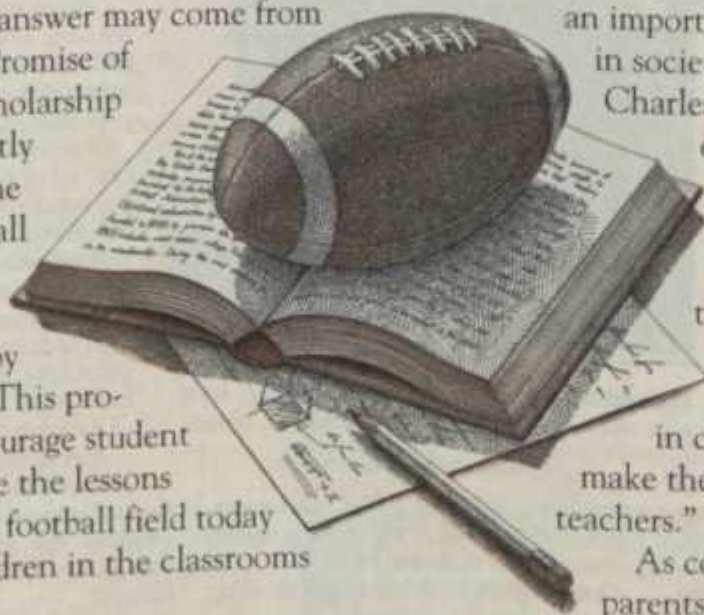
Each recipient will use his or her \$5,000 grant to continue postgraduate studies in education or to meet certification requirements for pursuing a teaching career.

The CFA hopes that the "Hitachi Promise of Tomorrow" program will encourage more young people to enter the teaching profession. "Teaching plays an important but undervalued role in society today," explains Charles M. Neinas, the CFA's executive director.

"We'd like to encourage students to pursue this field, and think that the leadership, discipline, hard work and team spirit that students gain in college football will help make them effective classroom teachers."

As college football fans and parents of school-age children, we at Hitachi are proud to be part of the scholarship program. We believe that it will go a long way toward instilling pride in education and the profession of teaching.

For more information, write: Hitachi, P.O. Box 4319, Grand Central Station, New York, NY 10017.



## HITACHI



# Managing Your Small Business

*Building a new sales staff; the criteria for good decisions; the need to restrain revenue.*

By Bradford McKee

## HIRING

### Tips For Recruiting Your First Sales Team

When you're hiring sales people for a start-up company, get agreement on five major points before shaking hands, says Stephanie Wood, president of SMART Consulting, in Cleveland.

Wood, who also is a volunteer sales-training counselor for Cleveland's Council of Smaller Enterprises, outlined the key sales-recruiting priorities in the council's magazine, *COSE Update*.

When hiring new sales people, Wood says, make sure you cover:

**Working Hours.** Who sets the new sales representative's schedule? Do you want each rep working strictly from 9 to 5, for example? Decide whether evening and weekend hours are required.

**Home Office.** Will you ask a sales rep to keep an office at home? If you do, what will the company provide for such an office? How much time is "allowable" (for tax-reporting purposes) in the home office? Determine what home-office expenses you will pay.

**Expense Reporting.** Will your company pay for automobile, entertainment, and other travel-related costs? What costs of supplies and support staff will you



PHOTO: SHIRLEY KANE  
Spell out the job's details when hiring sales reps, says sales-training counselor Stephanie Wood.

reimburse? Be specific. Tell sales representatives how often and how promptly you intend to reimburse them.

**Commission.** Building a sales territory

takes time, Wood says, so you must work out a salary to keep the new reps compensated until they establish their turf.

You can do it in one of two ways. Set a salary and allow a draw against anticipated commission, or pay a salary plus bonuses for sales up to the first year of selling.

The bonus plan may be better, Wood says, because after 12 months, you can look at actual numbers, not projections.

Commission rates depend on your industry, she says, and you ought to find out what your competitors pay before you reach an agreement with your sales staff.

**Objectives.** What do you want a new salesperson to accomplish? Do you want your reps to fulfill quotas, for example? Or do you want increased sales, better distribution of new products, better paper flow, or more product promotion?

In addition to those five particulars, Wood says, new sales reps will want to know about employee benefits, such as vacation time and insurance.

And if hiring sales people makes you nervous at first, Wood told *Nation's Business*, don't fret. It's natural. "It requires the entrepreneur to give up something of [his or her] own personal domain."

## STRATEGIES AND TACTICS

### What's The Best Way To Make Decisions? You Decide

The best way to approach decision making in business is to be as open-minded as possible about the factors involved, according to a new study.

Although that finding sounds simple enough, business people usually lock themselves into a narrow way of looking for options—to their company's detriment—says researcher Paul Nutt, professor of management science at Ohio State University, in Columbus.

Nutt looked at four approaches to business decisions among 163 managers. He judged the effectiveness of each approach by using four criteria:

**The time taken to carry out the decision;**

**The value that the managers place on their decisions;**

**The number of decisions that the organization adopted;**

**The durability of decisions—did they remain in effect two years or longer?**

Here, according to Nutt, are the four most common approaches to making decisions:

■ "Reframing" is the best approach, Nutt says, but in his study it was found to be used only 12 percent of the time. The starting point for reframing is that anything is possible. If sales don't meet expectations, maybe the manager should change expectations. Reframing lets the manager "set new norms" for the firm.

■ "Target" decision making means setting new goals in the process. This tactic keeps the manager's options open to a "whole range of means to achieve your end," according to Nutt. He found this method used in about 29 percent of decisions.

■ The "problem" method races to find the causes—such as low morale or motivation—of distress symptoms such as poor sales. The drawback with this approach, Nutt says, is that although the "causes" may only be other symptoms, they often are considered to the exclusion of other possibilities.

■ The "idea" method, which ironically could be termed the "bright idea" approach, takes a similar shortcut to improving performance. In this case, the manager may say, "Sales are poor; I know, let's do more discounting!" Yet there may be little evidence that discounting is the issue.

The "problem" and "idea" approaches to decisions are more constraining but are used in nearly 60 percent of decisions, Nutt says. He favors the "reframing" method because "the broader the search for solutions, the better the results."



# All The Software A Small Business Will Ever Need For Just \$567.

Introducing the first software designed specifically for your small business.

## CA-Simply Business



CA-Simply Business™ is the friendliest collection of Windows™ software in the world. And it's integrated so all the modules work together.

Easy to learn and easy to use, CA-Simply Business lets you do

everything with just a click of the mouse.

## Accounting.

It's accounting made simple with easy-to-understand screens and menus, modules that cover all of your needs from General Ledger to Payroll, and all kinds of financial reports you can generate by pushing a button.

## Word Processing.

No matter what you need to write – one memo or a thousand letters to your customers – CA-Simply Business makes it fast and easy. Pick a typeface, point size, check your spelling, add columns, tables, clip-art, whatever. Everything you write will look like it was done professionally.

## Spreadsheets.

Crunching numbers is easy with this multi-dimensional spreadsheet. More advanced than two-dimensional spreadsheets like Lotus® 1-2-3®, Excel and Quattro® Pro, this is easier to learn and easier to use.



## Scheduling.

No matter how busy you are, CA-Simply Business can keep your entire small business on schedule.

Simple, color-coded screens can tell you instantly who, what, where and when. And it can track hundreds of different schedules, as well as store tens of thousands of names, addresses and phone numbers.

## Graphics.

From beautiful newsletters to colorful in-store signage, there are a million ways that CA-Simply Business can help you look more professional and successful.

## Free CompuServe® Information Manager Included!

If purchased separately all of this software could cost as much as \$1,400.

So go to your nearest dealer today and save over \$800 on the friendliest, easiest small business software in the world.

Call 1-800 CALL CAI  
For The Name Of Your  
Nearest Dealer.

CA-Simply Business. The small business software that makes it simple.

**COMPUTER  
ASSOCIATES**  
Software superior by design.

© Computer Associates International, Inc., One Computer Associates Plaza, Islandia, NY 11749-7000. 1-800-CALL-CAI. All product names referenced herein are trademarks of their respective companies.



## BORROWING

## The Entrepreneurial Spirit Is Always Willing—To Grow

If you think you're past the age when you can take on sizable debts to realize your business dream, meet Goldie Fowler. She decided not to let her age or her lifelong wariness of borrowing stand in the way of her entrepreneurial vision.

Fowler, 65, opened the Quality Book Store in Cortez, Colo., in a century-old building that she paid \$3,500 cash for in 1972. To avoid borrowing money, she bought out the two owners one at a time. "I was so timid, I would not go into debt," she says.

She was not so timid that she didn't think about expansion, however. Fowler had long wanted to add a tea room to her store, and there was a vacant building next door to her location. The absentee owner kept putting off her inquiries, but the property eventually became available as a result of a state tax lien. A local banker asked her if she wanted financing to buy the property.

But she had doubts: Was it too late for such a venture? At her age, shouldn't she be thinking about relaxing, rather than expanding a business? And there was also her aversion to borrowing, which would be necessary for an expansion.

"The economy wasn't great" at that time and in fact had not been booming in her area during most of the '80s, Fowler says, "but the opportunity was there. And my age was such a factor that if I didn't go ahead, I would never get it done."

After covering every base and evaluating such an investment in light of her age, she went ahead. The building cost \$80,000, and repairs would run an additional \$60,000. Taking on so much debt "was such a big decision," she says, because it took all she had—even her life insurance—to back it up.

The later in your career that you borrow a sum of that size, Fowler says, the more collateral you must have and the surer you should be of your business idea so that you can be reasonably certain you can repay the loan.

Within a year of taking out the loan, she



Adding a tea room to her bookstore was a longtime goal for Goldie Fowler, center, serving customers Jackie Proffitt and Arthur Beviluckway.

had books filling the new space and had begun building the tea room and kitchen. Today she has realized her vision, and she also has managed to make the cash flow smoothly.

"If I was ever going to have a tea room in it, it was, 'Let's go, get bigger or get smaller,'" Fowler says. "It's nicer to get bigger than smaller."

## GROWTH

## Excessive Revenue Can Be Bad For Business

Terri Edelman, president of Edelman Design Associates, a Manhattan firm with eight employees, has been following instincts to diversify her company, but she delicately avoids having "an explosive top line"—that is, too much revenue.

The clients of Edelman's graphic-design firm include several large corporations. Some of them began requesting additional services, such as copy writing for ads, purchasing ad space, and taking over direct-mail projects.

"They used to go to the big [advertising] agencies and pay big bucks," says Edelman. "Now that budgets are being cut, they had to look for alternatives. They were already our clients, and we were the logical choice."

Edelman, aware of the danger of disproportionate sales to profits, diminishes the risk to her balance sheet by keeping a stable of free-lancers on standby. They take care of overflow work, which helps keep her payroll low and her costs down.

Restraint also plays a role, however, and she draws the line when the client's request is pretty clearly unrelated to her business.

"When somebody comes to me and asks us to do heavy-duty market research, that's not what we do," Edelman says. "We refer them or find someone. It's really important not to take on something that you can't do."

## NB TIPS

## Labor-Law Checkup

Does your small business comply with federal laws dealing with sexual harassment, discrimination against the disabled, reference checking, and unemployment insurance?

These are among the 15 separate topics covered by a new do-it-yourself checkup for compliance with federal labor laws.

The *Employment Labor Law Audit* (ELLA) leads you through a systematic review of all your labor-law policies and guides you to make changes as necessary to avoid potential legal problems.

ELLA, published by Laurdan Associates Inc., a management consulting firm in Potomac, Md., is a 188-page loose-leaf guide that costs \$99.95 plus \$4 for shipping and handling.

To order, call 1-800-672-8000 or mail a check for \$103.95 to *Nation's Business*, Circulation Department, 1615 H Street, N.W., Washington, D.C. 20062-2000.

## Education Reform

Two new publications offer useful information for businesses and chambers of commerce interested in education reform.

*Education Blueprints: A 1990s Guide to Education and Workforce Quality* provides examples of more than 60 education-reform initiatives implemented or fostered by businesses and chambers of commerce.

The examples can serve as guides for

initiatives in other communities regardless of their budget constraints. The publication costs \$15.

*Bridging the Literacy Gap* is a comprehensive guide for companies and chambers wanting to address the problem of illiteracy. It provides detailed information on how to implement literacy programs at the company work site or in the community. The publication costs \$5.

To order, send checks payable to the Center for Workforce Preparation and Quality Education at 1615 H Street, N.W., Washington, D.C. 20062-2000.

## Talk Up Your Firm

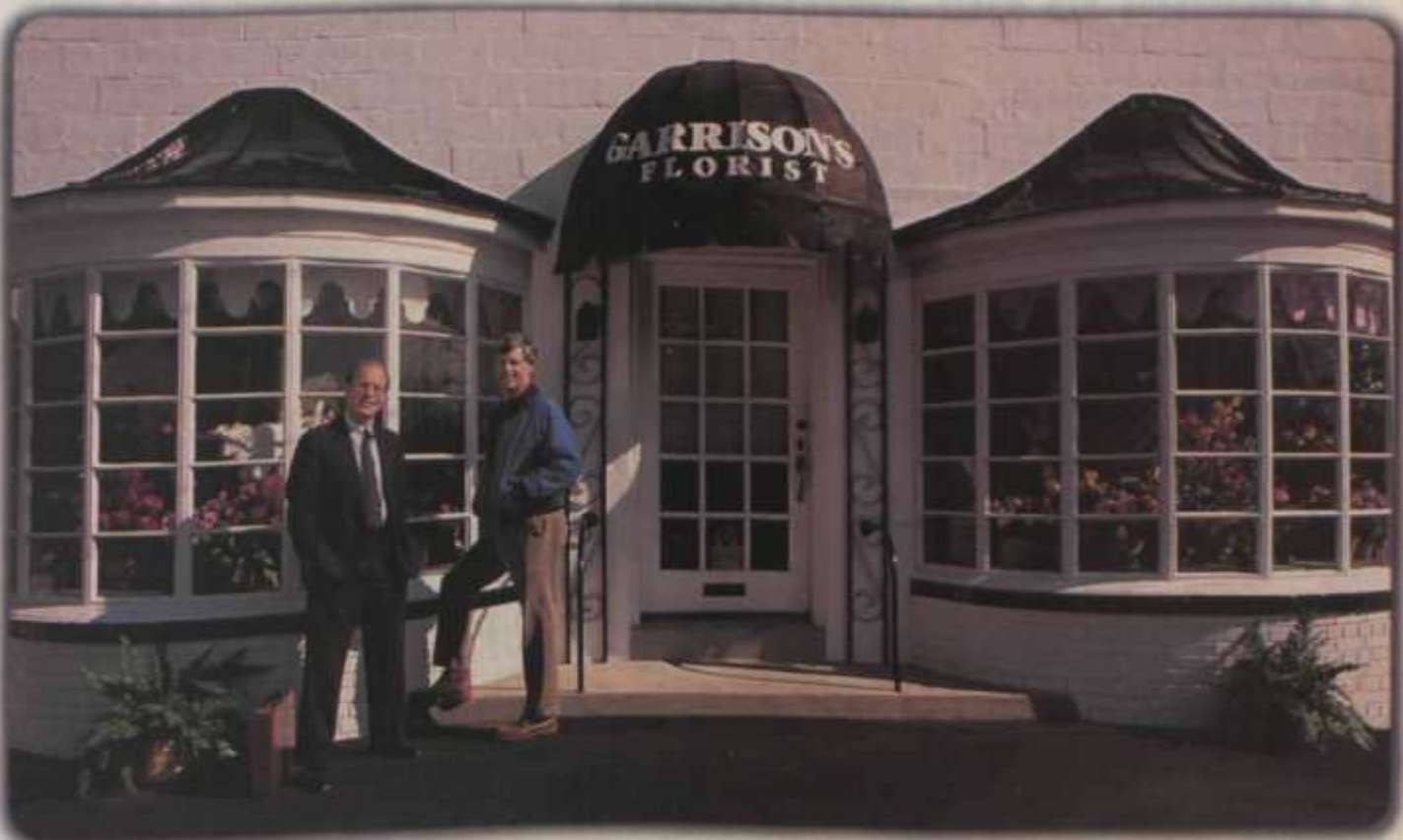
Business leaders who give talks about their experiences can now draw on the support services of the Corporate Speakers of America Association, based in Scottsdale, Ariz. The newly formed non-profit group offers entrepreneurs oratorical assistance and training through regional workshops, networks, and publications.

Other resources include lists of speech-writing and humor-material subscription services as well as references to helpful audio and video tapes. Membership is \$175 the first year and \$150 a year thereafter.

The association, which is not a speakers' bureau for those seeking fees, can be contacted at 10040 E. Happy Valley Road, No. 683, Scottsdale, Ariz. 85255; (602) 585-4344.



# WE PROTECT THE MOST IMPORTANT BUSINESSES IN THE WORLD.



To Bill Garrison, starting his own business was no bed of roses. But the first time he stood in his own building, with his name on the front of it, he knew that it was worth every sleepless night. Every working weekend.

For Bill, his shop is the most important business in the world. And his Nationwide Insurance agent shares that feeling. That's why he took the time to study Garrison's Florist in detail and develop a specific program to cover it. It's why he's always there when Bill needs help with a claim, or just some good advice.

And since Nationwide Insurance carries an excellent financial rating, he'll be able to protect Bill should something happen. Because to us, no business is small business. Especially if it's yours.





# Making It

*Growing businesses share their experiences in creating and marketing new products and services.*

## A Legend In Her Own Right

By Sharon Nelton

Ingrid Croce was once best known as the wife of folk singer and songwriter Jim Croce. Today, however, she has made a name for herself as one of San Diego's most visible—and most successful—entrepreneurs.

The creator of such hits as "Time In A Bottle," "Bad, Bad Leroy Brown," and "Operator," Jim Croce lost his life in a plane crash in 1973.

Jim and Ingrid Croce and their 2-year-old son, Adrian James ("A.J."), had moved to San Diego a month or so before Jim was killed. After his death, Ingrid, once an art student, and A.J. took refuge for several years in Costa Rica, where she studied that nation's culture and art. During that period, she also launched a series of court battles to obtain the royalties her husband was owed.

"The reason for the litigation was that Jim had died penniless. He was making millions of dollars and never received the money that was due," says Ingrid Croce, 45. Her legal actions over a decade eventually produced royalties.

On her return to San Diego, she opened and ran a children's preschool. A singer and songwriter herself, she had performed often with Jim, and in 1982, she returned to the road. But her own singing career came to an end when she developed vocal-cord problems.

She invited a friend to her home one afternoon to help her think through what to pursue next. "The prerequisites were that I wanted to work in a 'community' and provide a service to people, that I would love going to work every day, that it would be a hands-on situation," she says. It also had to be successful economically so that it could sustain itself and enable her to grow, she says. "To me, unless you're growing, you're not successful."

They thought they had exhausted all the options when Croce offered her friend

some homemade blintzes. "I used to always have my refrigerator and my freezer filled with food," says Croce, recalling that she made all kinds of blintzes and froze them "by the hundreds" for microwaving later.

After sampling Croce's creations, her

friend said, "That's what you should do."

Within a few weeks, she opened Blinichki International Inc., a small restaurant and catering business selling Russian and Italian specialties in the Hillcrest part of San Diego. ("Blinichki," says Croce, is Russian for blintz and reflects her ancestry.)

However, she saw promise in a historical section known as the Gaslamp Quarter. Located within easy walking distance of San Diego's convention center, it was just beginning to be redeveloped. Croce

opened Blinichki International Restaurant there and, just a block away, in the dazzling downtown shopping mall called Horton Plaza, she opened Croce's Coffee House.

And she grew. Today, her restaurant and entertainment empire commands virtually an entire block of the Gaslamp Quarter. It includes Croce's Restaurant & Jazz Bar (featuring live jazz); Croce's Top Hat Bar & Grille (for live rhythm and blues); Croce's Catering; Ingrid's Cantina & Sidewalk Cafe; Upstairs, a coffee bar; and—still at Horton Plaza—Croce's Coffee House.

Croce employs 100 workers plus another 100 free-lance musicians. She won't reveal exact annual revenues but says they fall between \$3 million and \$4 million.

The empire's mystique is centered on the Jim Croce legend. Jim Croce pictures and memorabilia adorn Croce's Restaurant, for example. Tapes and compact disks of his music are available at all locations. Out this fall is a two-compact-disk package marking the 50th anniversary of Jim Croce's birth.

Good food and good music are the mainstays of the business—Croce's Restaurant offers a sophisticated menu of what she describes as "American International" cuisine, while Ingrid's Cantina is devoted to dishes of the American Southwest. But Croce thinks it's the total "experience" that keeps people coming back to what she refers to collectively as "Croce's." She says that "it's not for people who need to be seen and who want



PHOTOS: T. MICHAEL KEZA

Restaurateur and entertainment executive Ingrid Croce, a legend in San Diego.



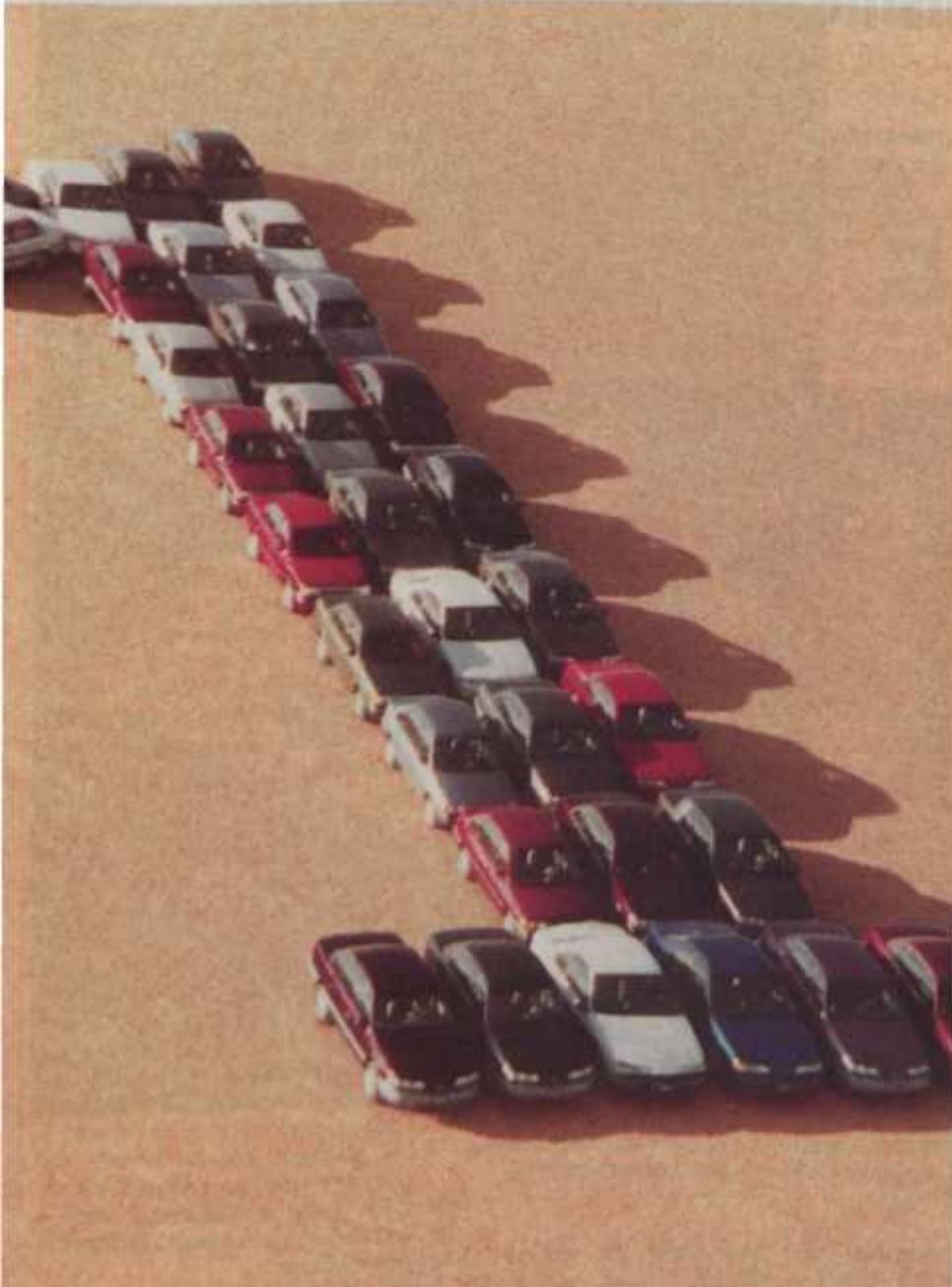
# Hertz. The People's Choice.

For 75 years,  
we've never forgotten  
who made us #1.

**T**hroughout the years and around the world, more people have chosen Hertz than any other car rental company. Not just for great cars and great rates. But for everything we have to offer.

**H**ertz looks upon each rental as a vote of confidence from our customers. Confidence that your changing needs will be met with the latest innovations in speed of service and dependability. Confidence that you'll receive genuine value for your money. And most of all, confidence that Hertz quality will completely satisfy you every single time.

**W**e think the real secret of staying in first place is placing your needs first. Because after all, we didn't make Hertz #1. You did.



Hertz rents Ford and other fine cars.  
© 1981 U.S. INC. HERTZ SYSTEMS INC. 00000000



Circle No. 45 on Reader Service Card



## MAKING IT

to make the kinds of connections they'd get in a trendy, avant garde restaurant." Croce's is a place where you make connections "for life."

She strives for excellence in all areas, she says, an approach requiring a staff "that is constantly fresh and happy." She tries to keep her people that way through thorough training (even the waiters have to know something about the music that's

being played so they can answer customers' questions); fun (bowling for everyone on Sunday afternoons); and rewards (\$1,000 "scholarships" are offered annually for singular accomplishment).

Croce's has become a family business in a sense. Ingrid Croce married a local lawyer, Jim Rock, five years ago, and he is now with Croce's full time. Having honed his talents at Croce's, son A.J., 21, has

embarked on his own career as a jazz singer, pianist, and songwriter.

Now and then, Croce reviews her original prerequisites to see if she's meeting them. And usually she is. She is providing a service. She continues to grow. She has created a community for herself. And in so doing, she's made herself a legend in San Diego just as Jim Croce did nationally in his own time. ■

## A Bare-Bones Business

By Janet L. Willen

**H**enry Galiano Jr. calls his store "a multifaceted natural history and science emporium," but to many New Yorkers it's the bone store. Osteology is, in fact, the backbone of Maxilla & Mandible, Ltd.

The store began with the sale of skulls, and its showroom now displays skeletons of more than a hundred mammals, most with maxilla (upper jaws) and mandible (lower jaws), as well as the skeletons of reptiles and amphibians.

Galiano says the bones are "the cute part" to get people's attention, but Maxilla & Mandible is devoted to all of natural history. Specimens from all walks of life adorn the store's shelves and walls, including ostrich egg shells, mollusks, and butterflies.

Prices reflect the rarity of a specimen, its condition, and the work involved in cleaning it. They can be as low as 50 cents for some seashells, \$850 or so for a warthog skull, and approximately \$1,000 for a snake skeleton.

Galiano says he first thought of a natural-history store when he was working at the Museum of Natural History. "A woman called wanting a stuffed parrot for a photo shoot," he says. To see if there was interest, Galiano took some skulls from his own collection to a flea market on Canal Street. He made \$1,000 in less than a day.

For approximately two years, he ran the business from his apartment, selling by mail and special order and cleaning the bones in his bathtub. He opened the showroom in 1985. "You can start a business without heavy capitalization," he says.

An artist by training, Galiano has loved natural history since childhood, when his father took him from their home in East Harlem to the Museum of Natural History. In 1971, he began work there as a full-time volunteer for six months, "to prove my interest"; then the museum hired him to work on a grant in vertebrate

paleontology. He stayed at the museum for more than 10 years.

The contacts he made during those years became the early suppliers of Maxilla & Mandible's inventory. "The hardest thing," he says, "was convincing people of the idea" so they'd send him specimens. Today he receives skulls and bones from around the world—from ranchers, game

specimens are boiled clean, with the final cleaning done by hand.

Skulls and bones are then placed in a solution of ammonia and water, often for weeks, to remove any lingering grease. They are then bleached white with peroxide to give them their austere white color. Wax is applied to prevent drying. Next comes the delicate, labor-intensive task of piecing into their anatomically correct positions any bones that have come loose during the cleaning process. Crazy Glue holds the bones together.

Maxilla & Mandible has 10 full-time and part-time employees, including Galiano's wife, father, and nephew. Galiano won't reveal his annual revenue, but if the traffic in the store is any indication, it is thriving.

He does little advertising, just an occasional spot in *The New York Times* at Christmastime. Most of his business comes from the "zillions of people who pass by," Galiano credits that to his location—on Columbus Avenue across from the Museum of Natural History. The rest of his business comes from special events like museum shows, rentals from advertising agencies, and catalog sales.

As Galiano discusses business, he often sounds more like a naturalist than a businessman. "Almost every month," he says, "I've seen some of the most wonderful treasures of the world—beautiful things." He points to a fossil bison skull more than 10,000 years old, from a peat bog in Minnesota.

You can detect his passion for nature in his 102-page catalog, too. Catalog sales are only 15 percent of his business, but he intends the catalog to serve as a reference book. Each page is illustrated with a detailed and annotated drawing of at least one specimen.

Maxilla & Mandible is pretty much the way Galiano pictured it years ago. Then, he imagined a store "with an area for books, another for seashells—clear self-running departments." His dreams have changed, and now he thinks about scaling down and concentrating on special events and rentals. But "business is a spiraling thing," he says. "It's hard to get out of it, emotionally and legally." ■



PHOTO: BARNOLD AGLER

**Skeletons and specimens of a host of creatures are sold at Henry Galiano's natural-history store.**

wardens, and laboratories. No animals are killed to fill his shelves, and no endangered species enter his door.

Galiano's love for nature is apparent in the care that he and his staff give to the specimens. In the workrooms, the remnants of flesh are cleaned from the bones. Small and fragile bones, like those of snakes, are cleaned in tanks filled with beetles. The tiny insects can spend two weeks picking bones clean. The harder



# Schwab wrote the book on how to find a Financial Advisor.



**As your capital multiplies, so does the time and skill it takes to invest.**

If you're like many investors, you might prefer professional guidance. At Schwab, we recommend getting objective advice that's free of sales pressure. So we wrote this book to help you find an expert—one who's concerned with *your* best interests.

***The Charles Schwab Guide to Selecting a Financial Advisor*** gives you the information you need to single out which advisor feels right to you.

Here are the key questions to ask.

Plus a few tips to help you assess whether their style and strategies are compatible with your financial goals.

This guide also includes a directory with addresses, phone numbers and stated investment philosophies of over 330 advisors.

If you'd appreciate help managing your money, call now for your free copy of the new, expanded edition of *The Charles Schwab Guide to Selecting a Financial Advisor*.

\*Charles Schwab & Co., Inc. does not endorse or recommend any particular advisor. None of these Financial Advisors are employed by Charles Schwab & Co., Inc.

**Call now, toll-free:**

**800-862-1200**

## Charles Schwab



# Broader Horizons For Free Trade

By Albert G. Holzinger

## North American Market Highlights (In U.S. \$)

### Canada

Gross Domestic Product	\$570 Billion
Population	27.4 Million
GDP Per Capita	\$20,804
Civilian Work Force	13.4 Million
Minimum Wage	\$3.42 Per Hour
Inflation	5.5 Percent

### United States

Gross Domestic Product	\$5.67 Trillion
Population	255.6 Million
GDP Per Capita	\$22,183
Civilian Work Force	125.2 Million
Minimum Wage	\$4.25 Per Hour
Inflation	3.1 Percent

### Mexico

Gross Domestic Product	\$284 Billion
Population	87.7 Million
GDP Per Capita	\$3,283
Civilian Work Force	26.1 Million
Minimum Wage	\$4.28 Per Day
Inflation	18.8 Percent

Source: U.S. Government

ILLUSTRATION: ALBERTO PINOCHO

**H**erbert Schuval chose the right time and the right place to start his food-service equipment business. The economy of metropolitan New York City was booming in the mid-1980s on the strength of a bull market on Wall Street and explosive growth throughout the financial-services industry. Lavish salaries and generous expense accounts supported a lifestyle in which dining out was routine. The restaurant business expanded rapidly to meet the demand.

Schuval founded Premier Food Service Equipment Corp. in late 1985. Predicta-

bly, his sales of kitchen and dining-room equipment were brisk from the outset.

But the New York Stock Exchange crash in October 1987 led to massive layoffs in the financial community and began an economic slowdown that the restaurant industry felt quickly. The nationwide recession that began in 1990 only worsened the pain.

Consequently, Schuval, who had gained international sales experience in earlier jobs, shifted his business strategy to make selling overseas a priority.

Today, about 80 percent of Premier's

sales are in foreign countries. And although the firm's present customers are as distant as the Far East, the market Schuval is most bullish about now is relatively nearby: Mexico.

"We are aggressively pursuing business in Mexico now because we feel it is a potentially huge growth market," says Schuval. "We are looking to set ourselves up with first-rate distributors and dealers there as well as end-users" to maximize opportunities for profit.

Thanks to Schuval and countless other business people of all three nations, the



## U.S. trade ties and export opportunities in Canada and Mexico would grow even stronger under the pact that would turn the three nations' markets into one.



U.S., Canadian, and Mexican markets are tightly tied: Last year the three countries' trade with one another totaled almost \$250 billion.

Canada and Mexico are America's largest and third-largest trading partners, respectively, and they account for about one-fourth of U.S. exports and imports. And more than 75 percent of Mexico's and Canada's trade is with the U.S.

Moreover, those ties are expected to be strengthened substantially through the anticipated implementation next year of the North American Free Trade Agreement, known as NAFTA.

The agreement is the culmination of a 14-month effort by the executive branches of the U.S., Canadian, and Mexican governments to permanently bind their markets into a single commercial entity stretching from the Yukon to the Yucatan.

If NAFTA is endorsed by the legislatures of the three nations next year, as currently expected, North America will

become a unified market of more than 360 million people and with an annual output of \$6 trillion in goods and services. As such, it will rival Western Europe as the world's most populated and richest trading bloc.

Like the architects of the European Community's ongoing market-unification program, NAFTA's framers expect that uniting the markets within their economic sphere will make internal trade and investment more extensive, more profitable, less cumbersome, and more secure for local companies. The theory goes that these strengthened companies, small and large, will then be well equipped to compete successfully with European and Asian firms overseas as well as at home.

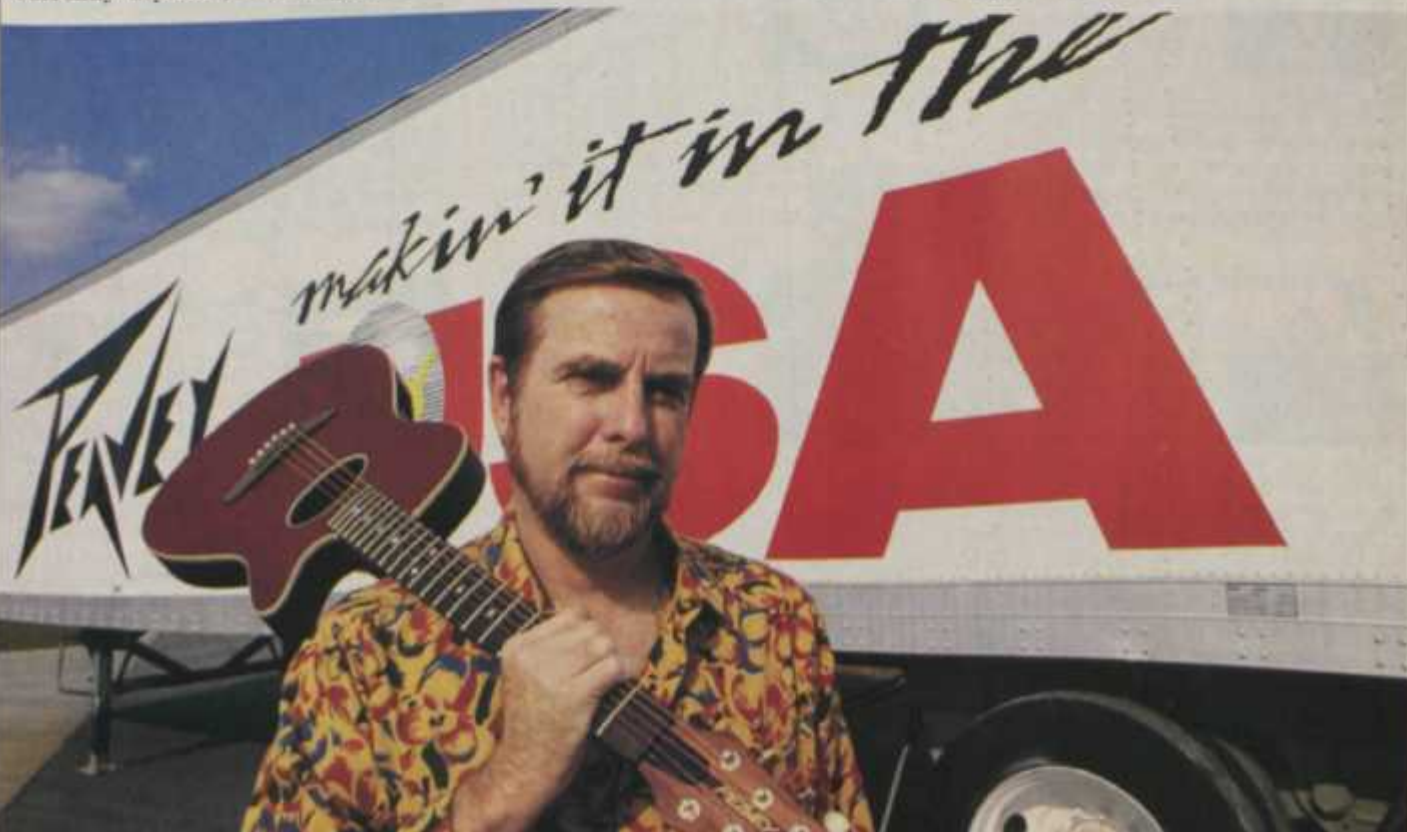
"U.S. companies should, indeed,

achieve greater competitiveness" from having a bigger home market—North America in its entirety—to sell in, says Francine Lamoriello, a specialist in international trade and investment issues for KPMG Peat Marwick, a global accounting and consulting firm.

From the U.S. business perspective, NAFTA will not have a great impact on trade with Canada: Remaining tariff and other barriers to completely free trade between the two countries will continue to be phased out through 1998, for the most part under terms of the 4-year-old U.S.-Canada free-trade agreement. However, NAFTA will have a profound effect on U.S.-Mexico trade.

Under NAFTA, Mexican tariffs on American-made products, which now average 250 percent higher than U.S. tariffs

**Hartley D. Peavey's firm** makes guitars and portable sound equipment in the Southeastern U.S. and now exports some of its products to Mexico.





# NAFTA: Your Edge In The Mexican Market

The North American Free Trade Agreement (NAFTA)—if it is endorsed as expected by the U.S., Canadian, and Mexican legislatures—will make it easier and more profitable for thousands of small and midsize

American manufacturers and service providers to trade and invest in Mexico. Here are a number of highlights of the agreement's provisions that could give your company an edge in the Mexican market:



## Agriculture

Tariffs, currently 10 to 20 percent, on about half of the United States' \$3 billion a year in farm exports to Mexico would be eliminated immediately. All remaining tariffs would be phased out over 15 years. U.S. goods in the 15-year category include peanuts, sugar, and frozen orange-juice concentrate. Mexican licensing requirements, now imposed on about 25 percent of U.S. exports, would be dropped immediately.



## Environment

Unprecedented provisions are aimed at ensuring that increases in trade and investment would not undermine the integrity of U.S., Canadian, or Mexican environmental laws. These provisions also would increase the market for U.S. environmental-control products and services and ensure that companies that abide by environmental rules are not placed at a cost disadvantage.



## Labor

Retraining U.S. workers who lose their jobs as a result of imports probably would be dealt with by the U.S. Congress as part of a comprehensive legislative package aimed at addressing U.S. worker retraining and retraining in general. This issue is not covered by the agreement itself, and President-elect Clinton and Democratic leaders in Congress have pledged to address it promptly.



## Customs

U.S. firms' exporting costs, headaches, and red tape would diminish through many provisions, including phase-out of customs-user fees by



## Government Contracts

June 30, 1999; elimination of most Mexican import licenses and import-licensing requirements, which often serve as quotas; and permitting white-collar employees and professionals to work in Mexico for extended periods. (Also see "Manufacturing," at right.)

With some exceptions, U.S. and Mexican firms would have equal opportunities to win most of the \$18 billion in contracts awarded annually by the Mexican government. NAFTA also mandates an annual effort to educate small businesses about Mexican procurement regulations and procedures, and it preserves the U.S. government's small-business set-asides.



## Manufacturing

Mexican imports of U.S. manufactured goods, which exceeded \$33 billion last year, would expand substantially with removal of Mexican tariffs, which now average 10 percent. About 50 percent of tariffs would be eliminated immediately, and the rest would be phased out over five, 10, or 15 years. The pact also would put an end to many other Mexican trade barriers such as import limits.



## Disputes

Inevitable disputes over NAFTA provisions and general trade disagreements usually would be settled within 10 months—extremely fast by international dispute-resolution standards—by five-member panels of private-sector experts from the countries involved. Separate mechanisms were established for a few areas where the panel system would prove unwieldy, including financial services.



## Intellectual Property

No trade agreement provides higher standards of protection for U.S. intellectual property such as copyrights, patents, production processes, and trademarks. However, high standards are no guarantee of enforcement by Mexican officials and courts. U.S. holders of intellectual property lost about \$533 million in Canada and \$367 million in Mexico in 1988 alone, says the U.S. International Trade Commission.



## Services

U.S. companies providing more than 150 types of services would gain equal footing with Mexican firms in competing in Mexico's services market, which totals nearly \$150 billion. Of special importance to U.S. exporters, the pact would fully open North-South trucking by the end of the decade, which would reduce times, costs, and problems associated with transferring cargo from one truck to another near the border.



## Energy

Mexico's ban on foreign ownership of its oil deposits would remain intact, but Americans would be allowed to enter in phases the lucrative businesses of providing supplies and services to Mexico's oil and electricity monopolies, exporting most petrochemicals or investing in petrochemical plants in Mexico, and selling more gas and electricity to Mexican users at market prices.



## Investment

Investments in Mexico increased from \$5.5 billion in 1988 to \$16 billion last year, and the outlook is for continued strong growth. The agreement would put U.S. investors on virtually equal footing with Mexicans, with the key exception noted at left—ownership of oil deposits. The agreement also would prohibit expropriation of investments except for public purposes such as eminent domain.



## Standards

All three countries would seek to harmonize their health, safety, and industrial standards at the most stringent levels among them. The participants also agreed to thwart any attempts to use standards as an effective barrier to trade. The agreement also would help speed product inspections and certifications, and would help merchandise exporters profit from economies of scale.

A comprehensive analysis of NAFTA is available from the International Division of the U.S. Chamber of Commerce. You can purchase a copy of *A Guide to the North American Free Trade Agreement: Implications for U.S. Business* for \$27.50 (\$32.50 for those who are not members of the Chamber) by calling (202) 463-5460.



# COVER STORY

on Mexican goods, will be phased out over 15 years. About 50 percent of Mexico's tariffs would be eliminated the day NAFTA takes effect, which is scheduled to be Jan. 1, 1994. Mexican customs-user fees will be eliminated by 1999.

Most nontariff barriers to the free—and most profitable—flow of goods, services, and capital between the U.S. and Mexico will be eliminated through the year 2008.

For example, under the agreement, Mexico will open its border and interior to American truckers and streamline border processing and licensing requirements by 2000. This will reduce shipping times and costs for American exporters because cargo no longer will have to be unloaded from U.S. trucks and reloaded onto Mexican trucks near the border. (For additional details, see Page 20.)

**D**espite its apparent commercial benefits, NAFTA faces formidable opposition in the United States. The AFL-CIO and other organized labor groups have denounced the agreement. They contend that NAFTA will result in a loss of U.S. jobs to Mexico, where wages and workplace safety and health standards are lower. The pact also is opposed by some environmental groups, which claim that it does not go far enough to ensure enforcement of environmental laws or to clean up existing environmental hazards in Mexico, especially those near the U.S. border.

Even some industry groups are withholding support from NAFTA, generally because they wanted the pact to provide more protection for their companies from potential Mexican competition in these already tough economic times.

"NAFTA has become the lightning rod for many fears some Americans have about America's and their own economic positions in the post-Cold War world," explains Willard A. Workman, vice president/international of the U.S. Chamber of Commerce, which is lobbying in support of the agreement.

Adds Workman: "Under no other circumstances could we as a nation be so vexed about a simple agreement with Mexico, whose economy is but one-twentieth the size of ours but is our fastest-growing export market, and the expansion of an existing trade agreement with Canada, our largest trading partner even though it has but one-tenth our population."

Many research professionals in both the public and the private sectors have analyzed the likely impact of free trade between the U.S. and Mexico to assess the validity of organized labor's concerns. One frequently cited study was conducted by Gary C. Hufbauer and Jeffrey J. Schott of the Institute for International Economics, a nonpartisan research or-

ganization in Washington, D.C. Hufbauer and Schott concluded that NAFTA will result in a net gain of about 130,000 U.S. jobs through 1995. Moreover, they concluded, the agreement will generate an additional \$16.7 billion in U.S. exports to Mexico in 1995 while increasing imports by only \$7.7 billion.

Many of the problems raised by environmentalists will be addressed by the U.S. Congress in legislation to implement NAFTA, which Congress must pass or reject in 1993. (See the box below.) However, NAFTA advocates point out that Mexico already has committed \$460 million for 1992-94 to help clean up its 2,000-mile border with the U.S., while America has earmarked only \$379 million for that purpose.

And although some business groups express legitimate concerns about the consequences of NAFTA for their industries, it is clear that the agreement enjoys broad-based business support, especially among small and medium-sized firms.

Additional evidence of this support

beyond the Chamber's endorsement is a study conducted last August by the Kessler Exchange, a small-business research organization in Northridge, Calif. Kessler surveyed owners of small businesses across America and found that 66 percent favored NAFTA, 14 percent opposed it, and 20 percent were undecided. Among respondents, 51.6 percent believed that NAFTA would help their businesses, 13.1 percent concluded that the agreement would hurt, and 35.3 percent felt that it would have no effect or said they were unsure about the likely impact. The poll's margin of error is four percentage points.

Typical of NAFTA's boosters is Hartley D. Peavey, chairman and chief executive officer of Peavey Electronics Corp., based in Meridian, Miss. The company has about 1,800 employees and manufactures more than 1,300 types of musical instruments and portable sound equipment in 19 facilities in eastern Mississippi and southern Alabama.

"Bottom line, the free-trade agreement is going to be long-term good" for American companies like his, says Peavey, "because we're going to increase our exports to Mexico many fold."

Yet the U.S. Chamber's Workman says  
*Continued on Page 24*

## NAFTA's Prospects

Although the United States elected a new president and a new Congress, trade experts believe the North American Free Trade Agreement, pursued fervently by the Bush administration, is still on track for U.S. approval. Under rules set by Congress last year, the new House and Senate will have 90 legislative days from the date that implementing legislation is introduced in Congress to reject or implement the agreement. It must also be approved by the Mexican and Canadian legislatures if it is to take effect as scheduled on Jan. 1, 1994.

"It's going to fly in [the U.S.] Congress; no doubt about it," says William T. Archey, senior vice president for domestic and international policy at the U.S. Chamber of Commerce.

Peter Morici, professor of economics at the University of Maine and an authority on North American trade, concurs: "There will be a row [in Congress], but the agreement will be approved."

The AFL-CIO, some environmental groups, and even some industry organiza-

tions oppose NAFTA. They believe it will seriously harm America's economic interests and environment.

President-elect Clinton and the Democratic-controlled Congress will be able to defuse this opposition without reopening negotiations that would jeopardize the pact, Morici predicts.

This can be achieved, Archey notes, by passing accompanying environmental provisions, such as earmarking more



**If it is done right,  
[NAFTA] will create  
jobs in the U.S. and  
in Mexico.**

—President-elect Clinton

money for cleanup of the air, water, and ground pollution near the U.S.-Mexican border, and by strengthening the program that provides retraining and other benefits to workers and even small firms affected adversely by imports. "This will be good policy as well as good politics," says Archey. "Our retraining programs need a lot of revival."



# THE COMPAQ PROSIGNIA PC S THE SAME IMPACT AS OUR R

Not long ago, we introduced PCs that established us as the new leader in affordable computing. To that we now add the COMPAQ ProSignia Family of PC Servers: delivering a new level of performance, affordability and support by establishing a new class of PC servers.

Ironically, the more critical your PC network becomes, the more likely your network server will prove inadequate.

The faster you need something, the slower it delivers. When it's time to upgrade or expand, you find yourself at the technological equivalent of a dead-end street.

Which, needless to say, can be a problem.

What you need is an easy-to-manage system offering high performance, flexibility and extended

support. All at an exceptional price.

In other words, a breakthrough.

In still other words, the new COMPAQ ProSignia.

**PROCESSORS:** chip upgradeable 486/33 or 486DX2/66 **EXPANSION:** 7 32-Bit EISA bus master slots **STORAGE:** over 6GB internal in 4 bays **HARD DRIVES:** Fast-SCSI-2 (330MB, 550MB, 105GB), Drive Array Pairs (600MB, 1.02GB), IDE (210MB, 340MB, 510MB) **DRIVE CONTROLLER:** Integrated or optional 32-Bit Fast-SCSI-2, IDA-2, or Integrated IDE (on models 1/EI and 340/W) **NETWORK CONTROLLER:** Preinstalled 32-Bit NetFlex Controller **SERVER MANAGEMENT:** INSIGHT Server Management Framework **RAM:** 4-128MB of industry-standard SIMMS **WARRANTY:** Free three-year, parts and labor, on-site\*\* warranty **SUPPORT:** Free 24-hour, 7-day hardware support, optional multi-vendor network operating system support.

For starters, the COMPAQ ProSignia 486/33 outperforms comparably configured IBM and Dell servers by 83% and 64%, respectively.\* (Both of which, by the way, are much more expensive.)

In not-so-simple terms, here's how we did it:

COMPAQ ProSignia disk-configured models come standard with an all-new 32-Bit Fast-SCSI-2 Controller that performs twice as fast as old SCSI technology. As well as a preinstalled, COMPAQ 32-Bit NetFlex Controller that works with Ethernet or Token Ring. And for those who require truly

©1991 Compaq Computer Corporation. All Rights Reserved. COMPAQ Registered US Patent and Trademark Office. ProSignia, NetFlex and CompaqCare are trademarks of Compaq Computer Corporation. Product names mentioned herein may be trademarks and/or registered trademarks of their respective companies. \*Benchmarks running PC Work File Server Showout test. All products with 34 MB RAM. COMPAQ ProSignia with integrated 32-Bit Fast-SCSI-2 Controller and four 510MB Fast-SCSI-2 Hard Drives. Dell PowerLine 450SE with Dell SCSI Controller and four 510MB SCSI Hard Drives. IBM PS/7 32946c-10 Model 95 with IBM SCSI Controller and four 400MB SCSI Hard



# SERVER. WE EXPECT IT TO HAVE RECENTLY INTRODUCED PCs.

extraordinary capabilities,  
we offer an optional 32-Bit  
IDA-2 Controller.

All of which means it  
takes a lot less time to get  
a lot more done. No more  
waiting for files. No  
more staring

blankly  
at a com-  
puter  
screen that  
stares just as  
blankly back.

The COMPAQ  
ProSignia is also the  
first affordable PC server  
incorporating advanced  
management technolo-  
gies. Included is a set of  
simple-to-use features  
that not only help you

maintain better control  
over your entire network,  
but can also anticipate,  
and help prevent, poten-  
tial problems.

The simple translation:  
Fewer headaches. For you.  
For users. Forever.

We've even turned

up the volume on our ser-  
vice and support program.  
You get a full three-year,  
on-site\* limited warranty,  
as well as 24-hour-a-day,

7-day-a-week technical  
support. Free.

CompaqCare also now  
includes our optional Ad-  
vanced Network Support  
Agreement, a comprehen-  
sive selection of systems-  
related support services  
that can be customized  
to meet your needs.

To learn how easy it  
is to get up and  
running, just call  
1-800-345-1518  
in the U.S., or  
1-800-263-5868  
in Canada.

You'll find out why  
the COMPAQ ProSignia  
represents such an excep-  
tional value. And why it  
will undoubtedly make a  
big impression. On the  
marketplace, and on you.



*The COMPAQ ProSignia starts at under \$2,700\* and is designed, tested and certified to run NetWare flawlessly. We even offer NetWare from Compaq to optimize server management capabilities.*



*With only industry-standard technolo-  
gies and an easy-to-upgrade processor  
path, the COMPAQ ProSignia provides  
a cost-effective way to meet today's  
needs today. And tomorrow's tomorrow.*



Circle No. 21 on Reader Service Card

\*This service, provided by Contracted Service Providers, is specific to hardware products and may not be available to certain geographic locations. Consult the Compaq  
Drives. \*\*This service, provided by Contracted Service Providers, is specific to hardware products and may not be available to certain geographic locations. Consult the Compaq  
Customer Support Center for details. \*Suggested retail price; reseller price may vary; price indicated is for new disk-configured COMPAQ ProSignia 486 (33 Model 11/EL, not  
pictured here; maximum NetWare Controller not included. Models including hard drives and NetWare Controller start under \$4,000. The Intel Inside logo is a registered trademark  
of Intel Corporation.



## COVER STORY

Continued from Page 21

that "NAFTA will not be an unmitigated bonanza for all concerned. There will be dislocation, at least in the short run, as some workers and even companies find that the changing economic order will require retraining or entry into new lines of business to meet changing market conditions."

And Peavey agrees: "Unfortunately, some people are indeed going to be hurt: the ones with no skills. But whether we do a free-trade deal with Mexico or not, people with no skills are going to be in deep trouble in the increasingly interdependent global economy." Adds Peavey, who is active in education-reform efforts at the national and the local levels: "We can't blame the Mexicans for that problem. It's our education mess; we have to deal with it."

ada trade have been impressive, increases in U.S.-Mexico trade will be "much more profound, especially for small and mid-sized U.S. exporters," says Peter Morici, professor of economics at the University of Maine and a frequent speaker and author on U.S. trade issues. The reason, he explains, is that although the Canadian market was relatively open to American producers for decades before the free-trade agreement was adopted, the Mexican market was relatively closed until just a few years ago.

Mexico's broad market opening dates back only to about 1987, when Carlos

advises U.S. companies on doing business abroad.

However, says Morici, "the process of rationalizing the Mexican economy and locking the changes in could not be completed without the discipline imposed by NAFTA."

Peavey Electronics is an excellent example of the way the Salinas economic-reform program and NAFTA can work together to the benefit of U.S. companies that export.

Hartley Peavey had been an active and successful exporter for almost 20 years and had established customers in more than 100 countries around the globe. Until Salinas took office, however, Peavey's products "literally were embargoed from the Mexican marketplace," he says. He had some U.S. customers near the Mexican border, he adds, and some of his merchandise—he has

## U.S. Trade In Goods With Canada



Source: U.S. Department of Commerce

CHARTS: ALBERTO PINOCH

### Best U.S. Export Prospects

Electronic components  
Industrial machinery  
Pollution-control equipment  
Plastics material and resins  
Computer software  
Medical equipment  
Hotel and restaurant equipment

## U.S. Trade In Goods With Mexico



Source: U.S. Department of Commerce

### Best U.S. Export Prospects

Telecommunications equipment  
Oil- and gas-field equipment  
Engineering equipment  
Computer equipment and software  
Machine tools and metalworking equipment  
Pollution-control equipment  
Hotel and restaurant equipment  
Petrochemical equipment  
Plastics production machinery  
Mining and construction machinery

Source: KPMG Peat Marwick

America's free-trade agreement with Canada provides a basis for gauging the likely impact of the broader NAFTA on U.S. trade with its neighbors. When the agreement with Canada took effect Jan. 1, 1989, Canada was America's largest trading partner, and annual U.S. merchandise exports there totaled \$74.3 billion. After four relatively lean economic years in both countries, Canada remains the United States' largest trading partner, and U.S. exports are up a healthy 18 percent—an increase that has resulted in the creation of 264,000 U.S. jobs, according to the U.S. Department of Commerce.

"From our perspective, the free-trade agreement has gone very well," says Toni Dick of Commerce's Office of Canada. Beyond spurring exports, the agreement "has really helped discipline disputes" related to trade, she says, and has enabled the U.S. government "to streamline the procedures and paperwork" associated with exporting.

Though the recent gains in U.S.-Can-

Salinas de Gortari was elected president. At that time, the Mexican economy was contracting at an annual rate of 3.8 percent, the budget deficit was 16 percent of gross domestic product, and the inflation rate was about 160 percent.

The Harvard-educated Salinas believed that the only way out of that economic quagmire was to institute massive economic and trade reforms. He pursued those policies, and the Mexican economy is back on solid ground—growing at a 3.6 percent annual rate, with the budget deficit down to about 4 percent of gross domestic product and inflation cooled to less than 20 percent.

"The changes that have taken place in Mexico over the past five years—including privatization of industry, the removal of many barriers to foreign investment, massive tariff reductions, and the elimination of import permits—are greater in some respects than the changes that will occur immediately under NAFTA," says Richard E. Neff, president of Neff International, a Torrance, Calif., firm that

no idea how much—was making its way into Mexico.

Now, Mexico is a much more hospitable place for the company. "Thanks to Salinas, we're doing a heck of a business in Mexico through a distributor near the U.S. border, and we're loving it," says Peavey. He adds that he is going to be loving business there even more when NAFTA eliminates the Mexican tariffs—as high as 20 percent—on his products.

Lamoriello of KPMG Peat Marwick says that although she views NAFTA primarily as presenting export opportunities such as those capitalized on by Peavey, some small and midsize firms will want to consider more-complex arrangements, such as joint ventures.

One company that has done so is Project Services International (PSI), headquartered in Pittsburgh. PSI has been making PC-based software since 1986 to help managers in industrial plants schedule, execute, record, and issue reports on equipment maintenance. The

Continued on Page 28



# NAFTA By The Numbers

By Albert G. Holzinger and John L. Manzella

It's one thing to believe your small or midsize business can and should find Mexican or Canadian customers; it is quite another matter to make your first sale south or north of the United States' borders.

If you have the motivation to find business throughout North America—but lack the information to do so—here are some materials you can read and some experts you can call.

Some business people may find it useful to obtain the full text of the North American Free Trade Agreement. Within its more than 2,000 pages is a list of 9,000 products with the year in which each one can be exported tariff-free. The document is available from many private printing companies.

One of the least-expensive copies is a three-hole-punched version for \$102.84 from Printing & Graphics at Colonial Place, in Arlington, Va.; (703) 276-0707; fax, (703) 525-8026.

Others will find that a summary and analysis of the agreement will suffice. You will not go wrong with *A Guide to the North American Free Trade Agreement: Implications for U.S. Business*, published by the U.S. Chamber of Commerce. (For ordering information, see the bottom of Page 20.)

Practical information and advice may be available from other private-sector organizations as well. Try the American Chamber of Commerce in Mexico, 52-5-705-0995; the U.S.-Mexico Business Council, in Washington, D.C.; (202) 659-1547; or the Canadian Chamber of Commerce, in Ottawa; (613) 238-4000.

Perhaps the most comprehensive and certainly the most easily usable source of government information on trade with Mexico and, to some extent, with Canada is the "Flash Facts" automated information-delivery service of the Office of Mexico in the U.S. Department of Commerce in Washington, D.C.

The service contains a wealth of both general information, such as "Best U.S. Export Prospects to Mexico," and specific data, such as "Registering Pharmaceutical Products in Mexico." Best of all, its documents are available free of charge 24 hours a day.

More than 7,000 business people have ordered nearly 15,000 documents through the service since it was launched in June, according to Stephen Jacobs of the Office of Mexico.

To request information, call (202) 482-4464 from a touch-tone phone and follow the instructions.

Other U.S., Canadian, and Mexican

government sources of information and help are:

**The U.S. Department of Commerce.** The Office of Mexico has an excellent staff that can provide the personalized information and counseling that its fax service cannot. Jacobs says the office is receiving about 1,200 calls a week, about 85 percent



ILLUSTRATION: JACQUETTE ROBERTS

of them from small and midsize businesses. Phone, (202) 482-0300; fax, (202) 482-5865.

The Office of Canada can give you a wide range of materials and advice on doing business in Canada under the free-trade agreement. Call (202) 482-3101, or send a fax to (202) 482-3718.

**U.S. and Foreign Commercial Service.** The US&FCS, a division of the U.S. Department of Commerce, maintains 67 offices in the U.S. and 126 in foreign locations, including Mexico and Canada. The agency offers many valuable services to U.S. exporters, including individual counseling, assessing foreign markets, making foreign contacts, finding potential agents and distributors, identifying trade-show opportunities, and promoting your products.

Some relevant phone and fax numbers: Mexico City—phone, 52-5-211-0042; fax, 52-5-207-8038.

Monterrey—phone, 52-83-45-2120; fax, 52-83-42-5172.

Guadalajara—phone, 52-36-25-0321; fax, 52-36-26-3576.

Ottawa—phone, (613) 238-5335; fax, (613) 233-8511.

Toronto—phone, (416) 595-5406; fax, (416) 595-5419.

United States—call 1-800-872-8723 for the office nearest you.

**U.S. Customs.** Customs will help you identify your product's code under the Harmonized System (HS). You will need this code number to determine tariff status under NAFTA.

Call (202) 927-0370 for the phone number of the Customs office nearest you.

**U.S. Small Business Administration.** The SBA offers general information on international financing and business development. Call 1-800-U-ASK-SBA or check your phone book for the number of the SBA district office nearest you.

**U.S. National Center for Standards and Certification Information.** For information on product standards, testing, and certification, call (301) 975-4040.

**External Affairs and International Trade Canada.**

Tariff classifications—(613) 993-5078.

Rules of origin—(613) 993-5039.

Labeling—(613) 998-0015.

**Canada Customs, Assessment Division.** For duty assessments, HS codes, origin requirements, or product valuations, call (416) 871-4140 or (519) 645-4133.

Customs also can tell you if your product qualifies for preferred tariff treatment under NAFTA's rules of origin.

**Standards Council of Canada.**

Domestic standards—(613) 238-3222.

International standards—(416) 826-8110.

**Embassy of Mexico Trade Office.** For general information on trade and trade events in Mexico, try the Mexico Trade Office nearest you:

Washington, D.C.—phone, (202) 728-1700; fax, (202) 728-1712.

New York—phone, (212) 826-2916; fax, (212) 826-2979.

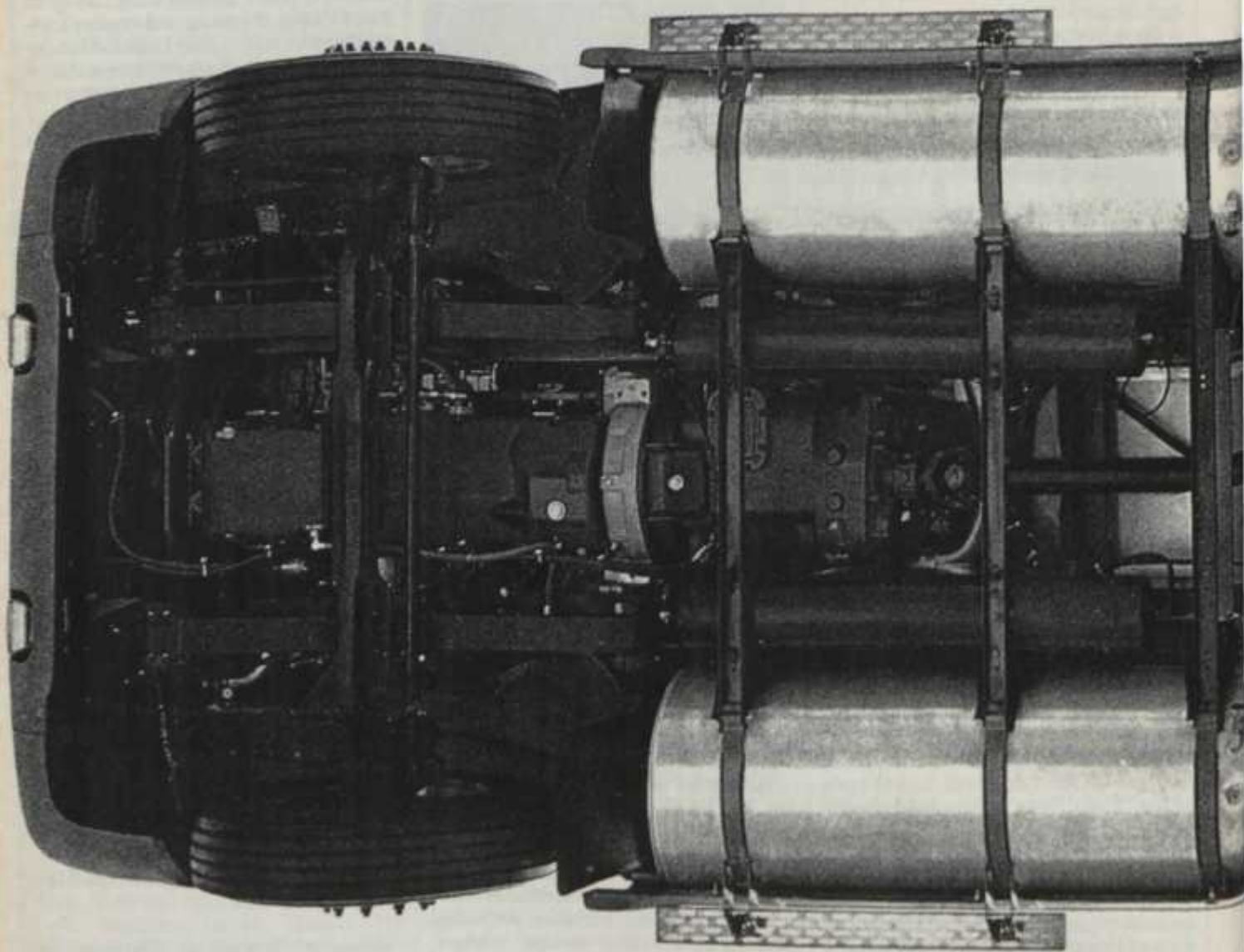
Los Angeles—phone, (213) 655-6421; fax, (213) 852-4956.

**Director General de Normas.** For Mexican product labeling, standards, and import-regulation information, call 52-5-520-8530 or 52-5-520-9715, or fax 52-5-540-5153. To ensure compliance with Mexican import regulations, call 52-66-340203, or 52-83-696480.

*John L. Manzella is president of Free Trade Consultants of Buffalo, N.Y., and author of two books, The Businessman's Guide To Free Trade, and Opportunity in Mexico: A Small Business Guide. For a free copy of the latter, call the SBA.*



# THE WAY WE MAINTAIN OUR WHY THE WHOLE INDUSTRY



Any way you look at it, there's no better used truck than a used truck from Ryder.

That's because from the day each brand new truck, tractor, or trailer joins our fleet, it goes on the most rigorous, carefully

designed preventive maintenance program in the industry. Ours.

With check up after check up. Inspection after inspection. Regularly scheduled and performed by teams of Ryder-certified mech-

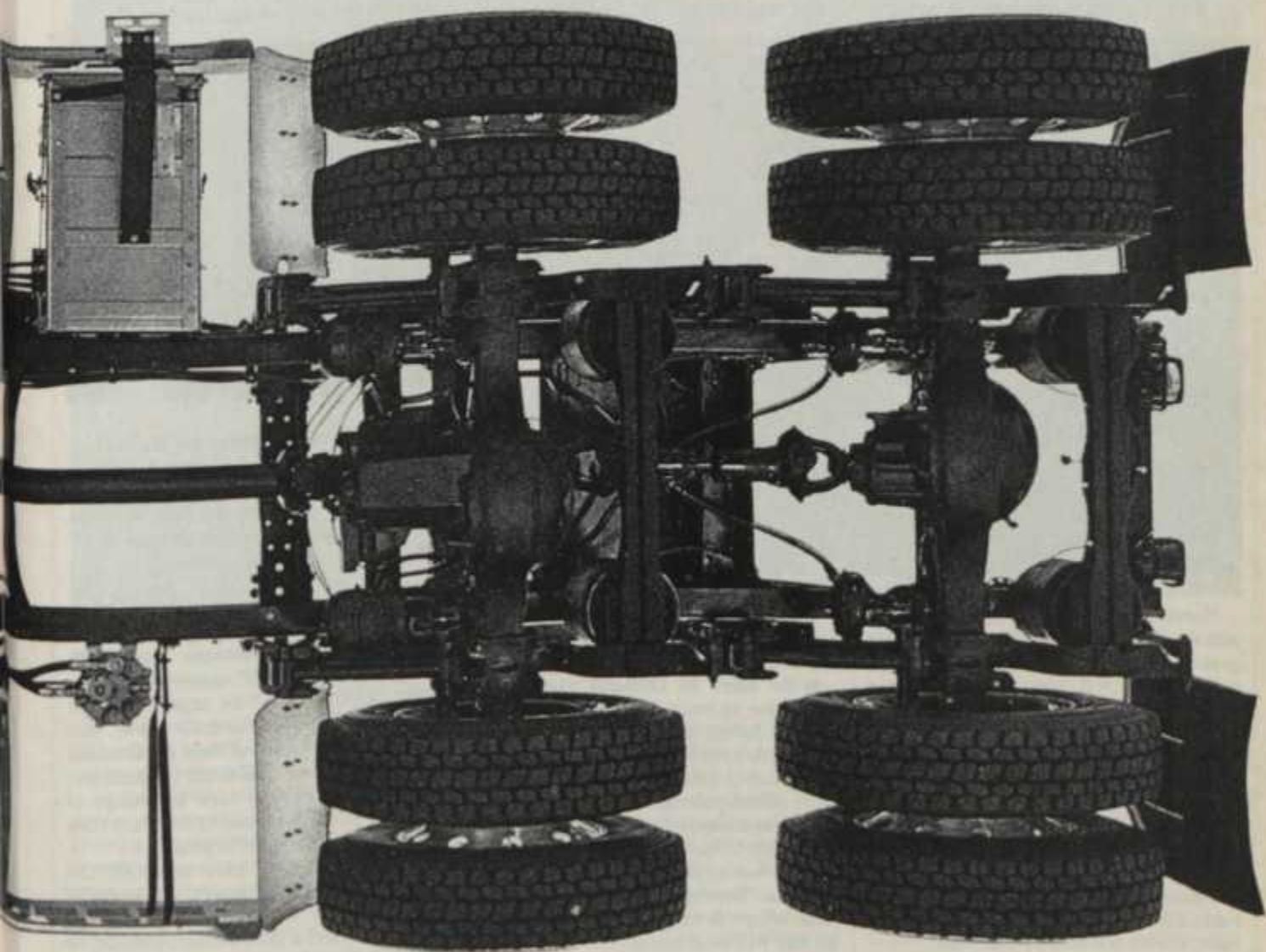
anics to make sure each and every one of our used vehicles stays in superior condition.

And with one final, painstaking inspection right before each truck goes on the market. To make sure it meets all our Ryder Road Ready requirements.





# R TRUCKS, IT'S EASY TO SEE TRY LOOKS UP TO RYDER.



But you don't have to take our word for it. Every used Ryder comes with its own Maintenance Record. And you can check it out yourself.

So if you're looking for a used truck, look to Ryder. We'll find you a used vehicle that has the

ideal specs to fit your needs. We'll help qualified buyers with financing. And we'll give you a unique, 30-day limited warranty that shows you just how confident we are about the superiority of our maintenance standards.

Call 1-800-USED-TRK, ext. 41,

today. The way we look at it, taking care of our trucks is the only reasonable way to take care of business.

**RYDER**  
**ROAD READY USED TRUCKS**

*The standard of the industry.*

Circle No. 25 on Reader Service Card



## COVER STORY

Continued from Page 24

firm, with 33 employees, also provides engineering and engineering-support services such as testing industrial plants prior to start-up, calibrating industrial instruments, and conducting training.

PSI recently entered into a joint venture with a well-established Mexican maintenance-consulting firm, Norris & Elliott, S.A. de C.V. Under terms of the agreement, PSI will provide a Spanish-language version of its Totally Integrated Maintenance Management System software and will plan and develop services and training for the Mexican market, says the firm's president, William Pinkerton.

inquiries and requests for information on exporting recently," about 85 percent of them from small and medium-sized companies, says Stephen Jacobs of the Office of Mexico in the U.S. Department of Commerce. His office has added staff members and instituted an automated information-delivery service to accommodate the large number of callers. (See "NAFTA By The Numbers," on Page 25.)



PHOTO: CHRYSE SOURCE

Norris & Elliott, based in Mexico City, will use its extensive customer list and contacts throughout Mexico to sell PSI software. It will also provide related services and training, Pinkerton says. The deal will be mutually beneficial, he predicts: "Since we offer complimentary services—that is, we are both in the business of providing maintenance-related services to industrial customers—and since we can offer the Mexican markets the best in maintenance-oriented software and our partner is long in experience there and has a wide customer base, I don't see how we can lose."

Certainly, Peavey and Pinkerton are not alone in finding Mexico an accessible and desirable business destination. In 1987, America exported just \$14.6 billion in goods to Mexico while importing \$20.3 billion, resulting in a trade deficit for the U.S. of \$5.7 billion. By last year, U.S. exports to Mexico had more than doubled, to \$33.1 billion, while imports grew only to \$31.5 billion, resulting in a U.S. trade surplus of \$1.6 billion.

"We have had an enormous increase in

Experts agree on several strategies for evaluating business potential in the Mexican market. Here are a few of them:

■ **Be alert to cultural differences.** Take time to learn at least a little about cultural habits and expectations in Mexico, and do your best to conform with them in exploring your potential, so that you don't offend potential customers.

■ **Learn where the opportunities are.** Like the U.S., Mexico is not a single market but a collection of state and local markets. Research will help you determine where demand for your product or service will be greatest.

■ **Familiarize yourself with trade rules that will apply to your product.** The Mexican marketplace is far from completely open. And even under NAFTA, there will be rules and restrictions on some products and services.

■ **Be realistic about your potential.** After examining local markets and rules, do research on such things as the supply of your product or service and the local price. Then take a hard look at whether pursuing business in Mexico will be worth the time, effort, and risk.

Chances are that you will find Mexico

an attractive and potentially lucrative business destination. "We see enormous potential for small-business people to engage in niche marketing throughout the industrial sector," says Jacobs. He estimates that this year's U.S. exports to Mexico will rise to \$44 billion and that the trade surplus will grow to \$7 billion.

"There are all sorts of opportunities now if you know where to find them," says trade consultant Neff, because "people in Mexico think U.S. brands clearly are superior. The biggest problem for small and midsize firms is market-information gathering," he says. He suggests "starting with the government freebies."



PHOTO: SCOTT SLOAN

**Food-service equipment vendor Herbert Schual, left, uses distributors to gain access to the Mexican market, while maintenance-software developer William Pinkerton, above, operates through a Mexican joint-venture partner.**

That was the path taken by Schual, the distributor of food-service equipment. "The Department of Commerce has been quite helpful to us," he says. "We have participated in some of their shows, and we advertise in some of their publications as well as in some local trade publications. If you know how to take advantage of their services, government folks are very cooperative and eager to help."

Other firms may have to obtain the services of a trade expert, especially if they wish to make an investment in Mexico, or find a joint-venture partner, or conduct business other than exporting. But they should pursue immediately whatever avenues they believe are best for their firms, the experts say.

Noting the commercial ties that already exist between the United States and Mexico, Neff says: "Now is the time to get a toehold in Mexico and begin building market share—while your more timid competitors are waiting for the free-trade agreement to take effect a year from now."



To order reprints of this article, see Page 78.



## MINORITY BUSINESS

# Building Bridges To Minority Firms

By Bradford McKee and Sharon Nelton

*Here are concrete ways that companies can help minority enterprises—and in turn strengthen the economy.*



PHOTO: KETTER WOOD

**Y**ou are beginning to hear it a lot at conferences and seminars and in just casual conversation these days: Minority-owned businesses, along with women-owned firms, are the "emerging growth companies" of this decade.

In the 1980s, emerging growth businesses meant the "hottest" or fastest-growing businesses. Today emerging growth companies are those that have the greatest growth potential and that are being identified as hot new markets for larger, mainstream businesses.

There's almost universal agreement that the creation and growth of minority-owned companies are keys to alleviating the devastating problems of poverty in America's inner cities and some of its rural communities.

"Minority-owned firms usually employ minority people," says Gae Veit, a Sioux Indian who is chief executive of Shingobee Builders, Inc., a \$7.4 million construction company in Loretto, Minn. She notes that American Indians have one of the highest unemployment rates in her state. "Getting people employed benefits everybody," she says. "It gets them off welfare

**Sioux Indian Gae Veit of Shingobee Builders reviews plans with project manager Loren Kjersten. Veit has used networking to expand her \$7.4 million business.**

rolls. Doing business with minorities and helping the minority-owned firm to become successful is beneficial in creating role models for the next generation."

Introducing a recent major report of the U.S. Commission on Minority Business Development, Chairman Joshua I. Smith wrote that if minorities owned companies and had sales on a par with white firms, they would add billions of dollars to the economy, create jobs, increase tax revenues, reduce welfare, and improve U.S. living standards.

In terms of gross receipts, minority-owned businesses fall far short of those of nonminority businesses. In 1987, according to the latest U.S. Census Bureau figures available, annual gross receipts of all U.S. firms averaged \$145,654, while annual receipts for all minority firms averaged \$64,132. American Indian firms typically took in \$42,610, black-owned firms grossed \$46,593, Hispanic firms received \$58,555 on average, and Ameri-

can-Asian firms averaged \$93,222. Firms owned by white males had gross receipts averaging \$189,000.

"We're making some improvements, but we're a long, long way from having a semblance of being involved in the economy of America," says Harold Brown, associate dean for external relations at the business school at San Diego State University. Brown says that just increasing the number of start-ups is not enough. "The answer is to increase the size of these businesses so that we generate jobs."

One company that is optimistic about minority businesses is Ark Capital Management, a Chicago firm that recently launched the Ark Capital Fund. Ark is attempting to raise \$300 million to invest in up to 15 small and medium-sized private equity funds for investment in business expansion of enterprises owned by minorities and women.

"We believe that the time is now right



## Shoring Up The Shortfall In Minority Capital

Hardly any entrepreneur obtains capital—loans or investments—in the first couple of years of a start-up business. Most entrepreneurs have to throw in every dime they have and more (as when they use their credit cards) to shepherd their vision to viability.

This lack of capital hits minority entrepreneurs extra hard, as minority-business advocates point out, because minorities are less likely to have a financial cushion to support them in the start-up phase.

As an expert in minority capital formation, Justin Beckett, senior vice president of NCM Capital Management Group Inc., in Durham, N.C., says a lot of the blame for the dearth of minority capital is misattributed to racial discrimination. He says the best way to capitalize minority entrepreneurs is to enable and encourage them and minority society to take control of their own economic power. They can do this mainly by reinvesting in their fellow minority firms, and by making careful decisions to recirculate wealth within their own communities.

"Why is it we don't have the capital that we need?" Beckett asks. It's not because of "blatant conspiratorial prejudice," he says. The cause of minorities' capital shortage is more complicated than that, says Beckett, and to correct the problem requires recognizing the value of the money that goes out of minority communities—money that could be kept in the communities and multiplied.

Acquiring money to make money continues to be a big problem for many minority entrepreneurs, and strict banking regulations are a major cause. Federal banking regulators look only at numbers when sizing up the safety of a bank's loan spread.

Carlton Jenkins, managing director of the only black-owned commercial bank in California, the Founders National Bank, says his institution is dedicated to serving its south-central Los Angeles community, the site of civil unrest earlier this year. To do that, however, his staff has to be far more "creative" to satisfy federal lending rules at the same time, he says.

As with any risky proposition, character is vitally important in a business venture. Founders National Bank works to "get behind the numbers" of its loan applicants, Jenkins says, to bring out clues to their personal devotion to running a business. "Many times this added insight does not always make its way into the credit file," Jenkins says, "and even if it did, it would not be viewed as relevant by regulatory examiners."

Nation's Business identified several types of capital sources around the country that help supply money to minority

firms. These specific programs are not available to business owners in all regions. If a program that interests you is not offered in your area, there may be a similar one in operation near you, or, if not, perhaps you can inspire the creation of one. (For information on contacting specific programs, see the resources box on Page 32.)

**Minority-owned banks** such as Founders National Bank in California are acutely interested in serving minority-



PHOTO: VOLUME HILL.  
It's never too early to teach children the value of money, says Justin Beckett.

owned firms. Of course, such banks do have federal bank examiners looking over their shoulders, checking for sound lending practices. In addition, says Kimberly J. Levine, an officer with Adams National Bank, a Washington, D.C., bank owned by women and minorities, most start-up and young firms need smaller loans than do established firms, but the costs of processing the smaller loan requests are the same as the costs for large loans.

Serafin Mariel, president of New York National Bank, in the South Bronx, explains that although minority-owned banks have a good handle on minority firms, "our capital is not any deeper" than that of white-run banks. So the lending risks are the same for all, Mariel says, and despite the heightened concern for minority firms, "we act like bankers."

**Bridge financing** helps small vendors and contractors meet payroll and ex-

penses while completing jobs that last a long time. For example, Michigan's Small Contractor Assistance Program, formed by the Michigan State Housing Development Authority and the First Independence National Bank of Detroit, offers working-capital loans of less than \$50,000 to eligible small firms. Nationally, the Business Consortium Fund, based in New York City, works with local banks nationwide to lend money to minority-owned firms that have won contracts with corporate or affiliate members of the National Minority Supplier Development Council Inc.

**Minority Enterprise Small Business Investment Companies**, or MESBICS, are federally chartered and funded venture-capital firms intended solely to support minority-owned companies. Medallion Funding Corp., for example, a minority investment firm based in New York City, lent a Brooklyn plumbing contractor \$400,000 in working capital, enabling the firm to progress to larger projects and garner \$5 million in annual sales. There are more than 130 such minority investment firms nationwide.

**Community-development groups** in some areas of the country have set up innovative programs involving public and private groups to help provide more capital to minority and inner-city firms. In Chicago, for example, CANDO, or the Chicago Association of Neighborhood Development Organizations, an umbrella group for dozens of neighborhood business associations, helped set up a new loan program at the Chicago city treasurer's office, for small-business loans under \$50,000. Also, the Mi Casa Resource Center, in Denver, has a new loan program designed to help low-income minority women obtain business loans for \$500 to \$5,000.

**Other nonbank sources** of loans showing success are the revolving loan funds of nonprofit "microenterprise" groups, which are growing steadily throughout the country. Such programs often work by lending to groups of entrepreneurs rather than to individuals. (See "Seed Funds For The Smallest Start-Ups," in the October *Nation's Business*.) Also, unbeknownst to many entrepreneurs, AT&T Capital Corp. just this year formed its AT&T Small Business Lending Corp., one of only 14 such companies approved and licensed by the U.S. Small Business Administration to help small firms. AT&T Capital is not designed strictly to serve minorities, but General Manager Susan Loughridge says the SBA's backing allows AT&T "to present unique financing opportunities to ... women, minorities, and individuals with disabilities."



## MINORITY BUSINESS

for this market, and the growth potential is virtually unlimited," says a report that Ark issued this year on minority- and women-owned businesses.

The Small Business Council of the U.S. Chamber of Commerce recently organized an Emerging Business Task Force to identify issues of emerging businesses—particularly women- and minority-owned businesses—that need the business community's support. Its goal "is to speed entry of these groups into the mainstream of American business," says Washington business consultant Charlotte Taylor, co-chair of the task force.

Ever since the urban unrest of the 1960s, committees, commissions, organizations, and special programs have been formed to attend to economic development for minorities. While there has been progress, it has not been marked progress.

Now, with the numbers of minority business start-ups growing at a faster rate than the number of all start-ups, there may be enough momentum to effect meaningful change. The U.S. Commission on Minority Business Development addresses its recommendations to the government—for leadership in opening up access to capital, for example. However, businesses of all sizes can help.

In interviews with business people and experts around the country, *Nation's Business* sought ideas on how smaller white-owned businesses and minority businesses could build bridges to one another to support the development of minority-owned companies. Here are 10 of their suggestions—five for white business owners and five for minorities.

### What White Business Owners Can Do

**1. Buy from minority-owned businesses, and invest in them.** Regard the minority community as more than a market; to sustain that market, you have to nourish it.

Gae Veit of Shingobee Builders suggests replicating a forum conducted by the Donaldson Co., a Minneapolis-area manufacturer of industrial filtration products. Donaldson invited minority-owned businesses to come in and make presentations to the company's buyers. After the forum, Shingobee Builders was invited—along with nonminority companies—to bid on a job constructing a laboratory. Shingobee won the contract.

"You need to meet somebody face to face for them to remember who you are and even consider you," says Veit. Shingobee Builders was named a 1992 Blue Chip Enterprise in a program sponsored by the Connecticut Mutual Life Insurance Co., the U.S. Chamber of Commerce, and *Nation's Business*. The program recognizes companies that have demonstrated the ability to overcome challenges.

Veit advises mainstream business owners to seek out minority businesses by contacting local or state minority-development agencies. You can also use your leverage to get prime or general contractors on your jobs to designate a portion of their subcontracts to minority-owned firms, she says.

**2. Support minority economic education.** "I didn't know what a stock was until I graduated from college," says Justin Beckett, senior vice president of NCM Capital Management Group Inc., one of the nation's largest black-owned money-

up. Developed by entrepreneur Brian Wiersema of Del Mar, Calif., the game teaches players how money markets work. A youngster who plays the game "sees the value of buying a company at \$10 a share and selling it at \$12 a share," says Beckett.

Business people can also help fund programs in entrepreneurship for students. This past summer, for example, AT&T funded a pilot program that offered training in entrepreneurship free of charge for inner-city youngsters in Washington, D.C. The program was sponsored by Business Kids, a Washington-based



PHOTO: JAMES CHAPPELL (of the Boston Globe)

*Professional friendships between minority and white entrepreneurs can be beneficial for their firms, says Colette Phillips, who meets with retired Boston banker Robert Spiller, one of her first major clients.*

management firms, based in Durham, N.C. One reason there are so few minority-owned money-management firms in the U.S., he contends, is that teaching minority students about investments and finance has been overlooked.

Beckett estimates that minorities have contributed about 20 percent of the \$4 trillion in pension funds in the U.S., yet minority-owned investment companies control only about 1 percent of those funds. "The significance of that is economic opportunity," Beckett says. "Investment managers make a lot of money, period. It's not that the assets that are managed would be used any differently [by minorities], but the fees generated on \$4 trillion are tremendous." With that dividend, he postulates, "we could wipe out welfare."

Beckett volunteers his time to play a board game called "The Reward Game" with minority students in grades six and

company that offers for-profit business-education programs for young people. Business Kids is now seeking funding for its own nonprofit foundation, aimed at expanding the free program for inner-city students.

Another program that depends on contributions is the National Foundation for Teaching Entrepreneurship, in New York City. The foundation teaches entrepreneurial basics to disadvantaged and disabled youngsters in cities nationwide.

**3. Get to know minority entrepreneurs socially.** The best relationships involving white-owned and minority firms come from friendships, not minority-purchasing programs, Colette Phillips asserts.

Born in Antigua and now living in Brighton, Mass., Phillips owns a public-relations firm, Colette Phillips Communications Inc., and does business with



several large corporations nationwide. She traces most of her best business opportunities to her personal relationships with people at her client companies, to networking through friends, and to keeping a steady presence locally.

"The major obstacle" to business between white-owned and minority-owned firms, she says, "is that we don't know each other, personally or professionally." Corporations could help, she says, by having "CEO exchange programs" that would put established business people together with minority entrepreneurs in more casual settings, such as playing golf or squash with one another.

**4. Lend a hand to business-development efforts.** There are many such programs, and they could use your support.

Five years ago, Harold Brown founded the Black Economic Development Task Force to work on three goals in San Diego: educating the community about black economic development, pushing for research on economics and the minority communities, and serving as a catalyst for investment in black-owned business.

The task force is the only black organization in San Diego that is focusing on economics, says Brown, but it needs funding. "We have no staff, we have no office. We use the trunk of my car."

Many community and church groups throughout the nation assist small, minority-owned companies in overcoming shortages of capital and experience.

The Latino Economic Development Corp., a community-development group in central Washington, D.C., recently received \$174,000 in grants and interest-free loans as start-up capital for two purposes. One is to help organize a community credit union to serve existing or new businesses in three neighborhoods, and the other is to provide technical guidance to business owners.

The U.S. Episcopal Church has about \$3.5 million invested in inner-city economic development, with \$600,000 going to the Los Angeles area alone. It has invested up to \$100,000 each in 26 banks nationwide owned by minorities or women.

Other church groups also invest in local enterprise development.

Established firms can help church and community groups by offering to help—volunteering such assistance as expertise, business opportunities for minority entrepreneurs, and, of course, money.

**5. Don't make judgments based on one experience with a minority-owned firm.** "We tried that once—it didn't work" is a response that many minority business



PHOTO: BOWEN CORNELL

**Minority-business advocate Harold Brown says the goal is firms that generate jobs.**

owners say they hear. Carolyn Jones, president of Carolyn Jones Advertising, Inc., in New York City, says she knows of a large corporation that hired a black advertising agency to work on one of its jobs in the late 1960s. According to Jones,

## Organizations And Publications

These resources and support organizations can help provide solutions for the problems faced by minority-owned businesses.

### Capital

The National Association of Investment Companies, 1111 14th St., N.W., Washington, D.C. 20005; (202) 289-4336.

Represents minority-enterprise small-business investment companies, or MES-BICs, which provide venture capital to minority firms.

Business Consortium Fund, 15 West 39th St., 9th Floor, New York, N.Y. 10018; (212) 764-5590.

Works nationally through local banks to help small minority-owned firms obtain low-interest loans for fulfilling major contracts.

### Supplier Assistance

National Minority Supplier Development Council Inc., 15 West 39th St., 9th Floor, New York, N.Y. 10018; (212) 944-2430.

Links big companies with small minority firms.

### Community Economic Development

National Center For Neighborhood Enterprise, 1367 Connecticut Ave., N.W., Washington, D.C. 20036; (202) 331-1103.

Association for Enterprise Opportunity, 320 North Michigan Ave., Suite 804, Chicago, Ill. 60601; (312) 357-0177.

### Federal Government

Minority Business Development Agency, U.S. Department of Commerce, 14th St. and Constitution Ave., N.W., Room 5055, Washington, D.C. 20230; (202) 482-1936.

U.S. Small Business Administration, Division of Minority Small Business Outreach, 409 3rd St., S.W., 8th Floor, Washington, D.C. 20416; (202) 205-6421.

### Minority Business Development Groups

National Center for American Indian Enterprise Development, 953 East Juanita Ave., Mesa, Ariz. 85204; 1-800-423-0452 or (602) 831-7524.

U.S. Hispanic Chamber of Commerce, 2000 M Street, N.W., Washington, D.C. 20036; (202) 862-3939.

National Association of Black and Minority Chambers of Commerce, 654 13th St., Oakland, Calif. 94612; (510) 444-5741.

National Association of Minority Contractors, 1333 F Street, N.W., Suite 500, Washington, D.C. 20004; (202) 347-8259.

National Business League, 1629 K Street, N.W., Suite 605, Washington, D.C. 20006; (202) 466-5483.

### Reports And Directories

*Final Report of the U.S. Commission on Minority Business Development, 1992.* Available for \$14 by calling the U.S. Government Printing Office at (202) 783-3238. Ask for Stock No. 022-003-01172-2.

*TRY US National Minority Business Directory.* To order, send a check for \$45 to TRY US Resources, Inc., 2105 Central Ave., N.E., Minneapolis, Minn. 55418. For information on how to get listed in future directories, call 1-800-627-4347. TRY US also sponsors Minority Purchasing Seminars in conjunction with the National Association of Purchasing Management.

*Thomas Publishing's Directory of Minority & Women-Owned Suppliers* will be launched this spring. Minority- and women-owned companies interested in a free listing should contact Tamara Adams, associate editor, at (212) 290-7341. For ordering information, call Thomas Publishing; (212) 290-7277.



the corporation decided it wanted to use a certain group photo, only to find that the agency's art director had not obtained signed releases from the people in the picture. The company used that event as a reason not to give more work to that firm or other black-owned agencies.

"They have trotted that story out for 25 years, and they will point to it as if it happened yesterday," says Jones. "It grates on my nerves."

#### What Minority Entrepreneurs Can Do

**1. Buy from one another.** Last summer in Columbus, Ohio, Thomas R. "Running Bear" Smith, chief executive of Tom Smith Industries, used the All Ohio Trade Fair, a minority trade show, to announce that he was awarding a \$330,000 contract to black-owned Alex Industries of Jamestown, Ohio. Smith, an American Indian whose plastic-injection-molding and mold-design company is based in Dayton, is among the many business owners who want to strengthen minority business by buying from other minorities when it's possible.

**2. Introduce good minority businesses to companies that might become customers.** Another minority business owner helped Gae Veit of Shingobee Builders to get her foot in the door at US West, one of her big customers. Now, Veit tries to help other minority businesses.

"I recommend to many, many people those Indian-owned businesses that I know of that do a good job," Veit says.

**3. Go for the quality.** Give top performance, and you'll be invited back. Veit has now done 20 projects for US West as well as multiple projects for other clients.

When you recommend other minority businesses, be sure they're quality performers, too. If they're not, you can hurt your own hard-won reputation, and, unfortunately, a bad performer can give mainstream business owners an excuse not to try a minority-owned company again.

**4. Be realistic—and creative—about capital.** A former assistant commercial banking officer, Harold Brown points out that often banks simply can't make loans to entrepreneurs—no matter what their color or sex—because of banking regulations that govern risk.

Like most white entrepreneurs, most minority entrepreneurs who want to launch a business must pool their savings and the savings of family members and friends, or find nontraditional sources of money. (See "Shoring Up The Shortfall In Minority Capital," on Page 30.)

When you are seeking financing, make sure you've done your homework by putting together a solid business plan that

shows potential investors and creditors how they will be repaid. If you don't know how to write a business plan, you can learn with the help of dozens of resources, such as books from your local library or bookstore, courses at a community college, or the U.S. Small Business Administration office nearest you.

**5. Join forces with one another.** First, this means networking with other minorities. Through the Minnesota American Indian Chamber of Commerce, for example, Gae Veit and more than 120 other American Indian entrepreneurs promote themselves and their businesses, sponsor trade fairs, work with American Indian youth, and share business information.


Second, it means gathering clout and getting things done. An investment club fostered by the Black Economic Development Task Force in San Diego is pooling dollars to invest in publicly traded black businesses. It also expects to invest in mainstream companies that support minorities as well as in small minority-owned companies.

Joining forces effectively also means working with nonminority small businesses. "For minority-owned small businesses, as for all small businesses, there are regulations that are governing you that can tie your hands and keep your businesses from growing," says Toby Malachi, president of Malachi Diversified, Ltd., a black-owned international marketing firm headquartered in Indianapolis.

Malachi finds he can promote and protect the interests of small businesses by working with established business organizations. He is a member of the U.S. Chamber's Small Business Council, a board member of the Indiana Chamber of Commerce, and a member of the board and the executive committee of National Small Business United.

**W**hether you are a white business owner or a minority, be a mentor. If you are already experienced, or as you gain experience, share your knowledge with minority entrepreneurs. Think of yourself as a resource for them. Make yourself accessible. Make introductions for them; offer tips, business leads, and moral support. Be a sounding board for their ideas. And look for opportunities to speak at minority-business conferences to tell what you know.

The bridges between white-owned companies and minority businesses are just beginning to be built. It will take the effort of everybody to build them, but once they're up and strong, the minority economy will be better—and so will the whole economy. **ND**

 To order reprints of this article, see Page 78.



## Seek and We shall Find.

For highly qualified permanent office support personnel, look no further than OfficeMates5! We're America's leading office support specialists.

All OM5 candidates have been thoroughly screened, to make sure they meet our exacting standards. And only those who meet these requirements qualify to receive the "OM5" designation.

But we know it takes much more than superior skills and a proven track record to assure a successful employee-employer relationship. So OM5 goes beyond skill and experience. We make sure our recommended candidate's personality and career objectives match your company's exacting requirements and opportunities.

Thousands of American companies, who have employed OM5 candidates, testify to this fact...we succeed with our responsibilities. We'll succeed for you, too.



**OfficeMates5®**

America's Office Staffing Specialists®

**Look in the White Pages for the OM5 office nearest you**

Circle No. 12 on Reader Service Card



# Small-Business Computing

*Portable printers; an accounting system without esoterica; software for solving problems.*

By Ripley Hotch

## PRINTERS

### Now You Can Take It All With You

As business people began doing work on portable computers, they began requesting access to the other devices normally attached to a computer, particularly printers.

Portable printers have become extremely popular since the introduction a few years ago of the **Canon BJ-10**, a printer about the size of a notebook computer that used ink-jet technology to produce near-laser-quality printing. Now



Canon BJ-20: A portable printer with more capacity.

## ORGANIZERS

### MPC Increases Need For Retrieval Help

The direction for personal computers is clear: more power, more storage, more networks. All of this is grand, but there's a large caveat. When you can store thousands of megabytes of material, can you find what you need when you want it? There's a busy industry of software intended to help you find stuff that you put a clever name on... and forgot.

Well, things are only going to get harder with multimedia PC computing. This technology is still young, but it has its own magazine and logo, and it has stirred a great deal of excitement. MPC has sound files, picture files, word files, video files—all of which are in different formats. If you're working in a text file and you want to call up a video file just to check something, you have to switch out

there's the **Canon BJ-20**, with more capability and capacity, because so many buyers found the machine to be a pretty good desktop printer for light business work (you wouldn't want it for heavy-duty printing).

One of the problems with using the portable for both purposes was that desk users really like a sheet-feeder on the machine. To carry it with you, you had to unplug it, unhook the sheet feeder, and load the batteries.

Now Lexmark, IBM's former printing division, has introduced the **IBM Portable Printer**, a tiny, 2½-pound ink-jet printer with a list price of \$549. The printer measures 2 by 11.7 by 3.5 inches. It contains the print element, and you have to feed each sheet by hand, but for a customized sales presentation that you can leave behind, what could be better?

For a desktop model, Lexmark is offering a larger ink-jet printer with a sheet feeder; it is the **4070 LJ**, with a list price of \$599.

If you don't require fast printing but you do want excellent quality of printing, and if desk space is at a premium, these small ink-jet printers are worth considering.

The printers are widely available. ■



Ink-jet printers that produce top-flight copies: the Canon BJ-10, above, and the new IBM Portable Printer.



## ACCOUNTING

### A Familiar Friend

Peachtree Software's accounting program was the first for microcomputers and has been a leader in the small-business market for years. Periodically the company goes through a renewal, and it is going through one with its new **Peachtree Accounting for Windows**. The program is priced extremely competitively, given Peachtree's large installed base, at \$99. That price may not last forever, but, like many other companies, Peachtree thinks that Windows 3.1 will be a good system for accounting.

The Windows graphical interface lets the program represent invoices, customer lists, reports, and all the rest as they would look on paper. Esoteric entry methods using numbers are no longer needed.

Peachtree for Windows is a full accounting system with GL, AR, AP, invoicing, payroll, inventory, job costing, bank reconciliation, and a very good on-line accounting primer that can be called up at any point. Peachtree is widely available, but if you need sales information, call 1-800-247-3224. ■

of your editing program and into your video program, then back.

How much easier to have a database of all of these files that you can refer to easily. That's what the folks at Lenel Systems International figured, and they have created **MpcOrganizer**. This is a Windows program, so you can't use it without Microsoft's operating system.

We won't go into the way it works, but the program does require you to do some cataloging and naming. Then it operates basically as a controller, using the capabilities of Windows to view any of the items, or even insert them into a spreadsheet or document.

You may be as disorganized with this program as you are with your desk, but at least it offers you the chance not to be overwhelmed by the mass of multimedia that will inevitably be coming down the PC pike.

Suggested retail price: \$295; for more information: (716) 248-9720. ■





**TANDY**

**466 DX2**

*Custom Made For*  
**CHRIS HENDERSON**



Esc

F1

F2

F3

F4

**EVEN AFTER 15 YEARS AND MILLIONS OF COMPUTERS SOLD,  
WE KNOW THE PC THAT MATTERS MOST  
IS THE ONE BUILT JUST FOR YOU.**

### **Now, Custom-Built PCs at Factory-Direct Prices!**

Design the PC of your dreams and we'll build it for you in our state-of-the-art USA manufacturing plant! Pay only for what you need—you'll save hundreds over what you'd pay for the unwanted "bells and whistles" on many mass-produced PCs. Nobody offers a better value at a lower price!

### **Superior USA Quality**

We'll individually assemble and test your Tandy PC to the highest standards. Personalized with your name right on the front, your new Tandy PC is shipped directly to your home or office... within two working days!



### **100% PC Compatible**

We'll load your software and test your PC to make sure it's properly configured and ready to run the minute you get it!

### **Local Service & Support**

Tandy is the only PC company to offer friendly, local help and service through over 6600 locations nationwide. Your nearby Radio Shack can provide fast, *personal* service—no mail-order firm comes close! Custom order yours at:

**Radio Shack®**  
**AMERICA'S**  
**TECHNOLOGY**  
**STORE™**



## SOFTWARE

## Customized Bottom Lines

With new software from Digital Diversions of Canoga Park, Calif., you can put your signature on your letters even before they reach your desk. Called **SignaFont**, the software lets you sign your name by computer.

You need only the WordPerfect 5.0 or 5.1 word-processing program and a Hewlett-Packard LaserJet Series II or Series III printer.

When you order SignaFont, Digital Diversions customizes the software with all the signatures you request.

Just send a copy of the signatures, and, in return, Digital Diversions will send you a disk that contains the program for affixing them.

Then, when you're working on a document, you hit two keys to get the signature you want. One key changes the font, and the other identifies the signature. It appears when you print the document.

Digital Diversions will let you choose as many signatures as you want. Signatures are \$75 apiece, with quantity discounts available. For more information, call (818) 992-4858.

## ERGONOMICS

## Aid For The Aching Back

Few computer users are happy with their chairs, and in an attempt to avoid workplace injuries, employers often invest hundreds of dollars to replace chairs for their employees.

Even though new seating employs better ergonomic principles, many old office chairs are still being used.

MicroComputer Accessories (a Rubbermaid company) has introduced an inflatable back cushion that can be adjusted for position by straps.

It uses air and vacuum to create a custom contour for the user and can be reshaped at will.

It lists for \$39.95. For more information: 1-800-521-8270.



Custom-contoured inflatable back cushion from MicroComputer Accessories.

## SOFTWARE

## Solving Problems By Computer

Expert systems—computer programs that help you make decisions—are beginning to show up in large numbers for personal computers, which are now powerful enough to run them. Properly constructed, with enough input from experts in a field, they can guide someone with less knowledge as if an expert adviser were at hand.

They can work in any number of ways. **Business Insight**, from Business Resource Software of Austin, Texas, tries to give you the tools to make decisions about all kinds of business problems.

It is based on expert opinions from a number of books and asks you a series of questions designed to profile your business. It will use your numbers and concepts to offer a series of observations about what you are or might be doing. It pinpoints weaknesses in your business (or your plan), and it suggests possible improvements or new directions you might pursue.

Some of the insights may strike you as elementary, but they offer good advice. One of the best things it does is force you to think about all aspects of your business so that you can get comprehensive analysis from the program. You'll have to answer questions about your facilities, equipment, personnel, sales, products, buyers, competition, and on and on. If nothing else, you'll get a better handle on how your own business works. The program lists for \$495; for more information, call 1-800-423-1228.

Another kind of adviser is the aid to creative thinking.

There are many seminars that try to

help you use fresh approaches to a nagging problem; now there's a computerized version called **Problem Solver** from MindLink, Inc., a North Pomfret, Vt., company that says you can "solve ANY problem using your computer."

Problem-solving software is much broader than expert systems, because it can apply to any situation. It takes you through a series of exercises intended to spark your creativity about a problem you define. Then the program initiates various "triggers" to encourage you down unconventional paths. In other words, it takes you on a personal brainstorming session. It requires patience and a willingness to put down thoughts, ideas, whatever.

At the end, you might be surprised at what conclusions you reach. The program helps you format these into a report, and it allows you to come back to them. The publishers say Problem Solver has been put to uses such as product launches, developing new businesses, and training.

If you need to be pushed into new directions, Problem Solver might help.

List price: \$299; for information: 1-800-253-1844.

## FYI

## High-Tech Handbook

If you think high technology is the business for you, look into *High Tech Startup: The Complete Handbook for Creating Successful New High Tech Companies*, from Electronic Trend Publications. Written by venture capitalist John L. Nesheim, the book is heavy on financing and contains several case studies. Priced at \$49.50, it's available in bookstores or from the firm: (408) 996-7416.

To get a good idea of what a great idea we have in Image Watches, paste your color logo here.



OR EVEN BETTER...

### SEND US YOUR COLOR LOGO

(Any size letterhead, business card or finished color logo design which need not be returned.)

along with \$14.50\* each

and we'll rush you a personalized working quartz watch sample as our convincer!

\*Tax and shipping included.  
Special 15 Price Introductory Offer.

(Limit: 2 samples per company @ \$14.50 each)

Your company logo in full color on the dial of a deluxe, water-resistant wristwatch. 18K Goldplated case, water-resistant leather strap, battery powered quartz movement with a lifetime warranty except batteries. (Lifetime = as long as you want to use the watch.) Remarkably inexpensive even in small quantities.

Catalog sheet and details on request.

**IMAGE WATCHES, INC.**

Attn: Mr. Marvin

9095 Teister Ave., El Monte, CA 91731-2899

(818) 312-2828 • (800) 344-8050

**LOGO WATCH LEADER FOR OVER 12 YEARS**

© IMAGE WATCHES, INC. All Rights Reserved

Unconditional Money Back Guarantee

Circle No. 60 on Reader Service Card



**BENEFITS**

# Pension Plans: 3, The IRS: 0

By Roger Thompson

**T**hree years ago, the Internal Revenue Service touched off a coast-to-coast storm of protest when it launched an audit program designed to squeeze \$666 million in taxes and penalties from thousands of small-business owners who allegedly had made "excess" tax-deductible contributions to their pension plans. But after hearing the first court cases to arise from the audit program, a U.S. Tax Court judge has ruled that the agency had no grounds for the audits.

In three separate rulings—two in July and one in September—Judge Charles E. Clapp found in favor of the pension plan sponsors. Clapp's September opinion also carried the concurring approval of 14 of the nation's 19 Tax Court judges. Only one dissented from Judge Clapp's 130-page opinion; the others didn't participate in the review.

Pension experts hope the rulings will guide the IRS in settling, if not simply dismissing, some 5,100 unresolved small-business pension audit cases. Three members of Congress who have followed the audit program closely have written IRS Commissioner Shirley D. Peterson, urging her to prevent agency subordinates from filing an appeal.

"The chance of winning on appeal is as nil as you can get," says Chester J. Salkind, executive director of the American Society of Pension Actuaries, based in Arlington, Va. The society had a major stake in the decision because its members are the experts who designed the pension plans challenged by the IRS.

"The IRS should take this [court] ruling and say, 'You win, goodbye,'" to those with outstanding cases, says Gregory A. Robinson, one of four Phoenix attorneys representing pension plan sponsors in the case.

The IRS initiated the audit program in the fall of 1989 because it believed that thousands of highly paid professionals illegally used their pension plans from 1986 through 1988 to shelter large sums of money from taxes. Money channeled into pension plans is tax-deductible.

The agency said it would audit some 18,000 defined-benefit pension plans with five or fewer participants and with annual contributions over \$100,000 per participant. IRS officials projected a \$666 million windfall by applying taxes and penalties to excess plan contributions.

Despite its initial goal, the agency actually completed audits on roughly 7,500 individual plans, says an agency spokesman. Among those plans found to have made excess contributions, the IRS disallowed an average of \$92,430 in tax deductions.

At the heart of the agency's case were two key assumptions that govern the flow of funds into a pension plan: the age of the plan's participants when they retire, and the plan's projected rate of return on investment (usually called the interest-rate assumption).

The higher a plan's retirement-age and interest-rate assumptions, the lower the amount of annual contribution needed to achieve the targeted pension benefit.

Most of the disputed plans assumed retirement ages of 55 to 60 and a 5 percent annual return on investment.

The IRS declared that the plans should have used a retirement age of 65 and an interest rate of 8 percent. In the agency's view, many small-plan sponsors picked unjustifiably low interest-rate and retirement assumptions to inflate their tax-deductible plan contributions.

Because federal pension laws do not specify what interest rates and retirement ages should be used in designing pension plans, the legal case against the plan sponsors focused on the reasonableness of their assumptions. In all three rulings, Judge Clapp held that retirement at 55 and a 5 percent rate of return on investment were reasonable assumptions to guide pension-plan funding.

Although the first two court cases each involved only a single disputed plan, the third consolidated nine separate cases. At Judge Clapp's request, the IRS and lawyers representing disputed plans selected test cases that could establish legal precedent to guide the out-of-court resolution of most other audit disputes.

Everett L. King's case is typical of the nine. In 1985, at age 59, he set up a pension plan for himself, as sole proprietor of Citrus Valley Estates, Inc., a Phoenix real-estate-development company. In 63 percent of all audited plans, there was only one participant.

During the disputed years—1985 through 1988—King made plan contribu-

*The government's effort to tax and penalize certain pension-plan contributions by small firms loses in court.*



Real-estate developer Everett King says he never doubted he would defeat the IRS in court.

tions of \$225,360; \$190,864; \$59,257; and \$62,590, respectively.

In late 1989, the IRS audited King's retirement plan, challenged his 5 percent interest-rate assumption, and concluded that he owed \$88,000 in taxes, interest, and penalties. King insisted that he and his actuary played by the rules. "We never tried to cut corners," he says, and when the IRS challenged his plan, he never doubted for a moment that he would fight and win in court.

As thousands of audit cases began to back up on Tax Court dockets, the IRS announced a program designed to spur out-of-court settlements. The agency offered to waive penalties for 6,333 plan sponsors if they agreed to pay the agency's income-tax claims, plus interest, on excess pension plan contributions. Through August of this year, 2,398 sponsors had accepted the settlement offer.

**S**ome opponents of the audit plan now want the IRS to refund the settlement payments in light of the agency's clear losses in court. Critics argue that the IRS pressured plan sponsors into settling.

Following Judge Clapp's first two rulings in July, Rep. Nancy Johnson, R-Conn., wrote IRS Commissioner Peterson and expressed concern about reports "that IRS field staff, at the direction of the national office, have contacted taxpayers with yet another blackmail-type proposition: Take the actuarial audit resolution [settlement] program, or the IRS will appeal Judge Clapp's decision. If this is true, it is an outrageous example of bureaucratic license run amok and cannot be tolerated."

The IRS had no comment.



# Tax-Planning Tips For Saving Money

By Joan C. Szabo

**M**any business owners face a perplexing tax picture now that a number of business tax breaks have expired. Congress included extensions of those breaks in a tax bill it sent to President Bush, but he vetoed the bill because it also included tax increases.

The failure to extend the tax breaks has complicated tax planning for companies and has increased the 1992 tax liability of many small-business owners.

The expired benefits include a 25 percent deduction from gross income of health-insurance premiums for the self-employed, a targeted-jobs tax credit, and an income exclusion for employer-provided educational assistance.

"The breaks, especially the deduction for health-insurance premiums, were vital to small business," says Donald Hull, owner of Hull Company Accountants, in Westminster, Md. Most of Hull's clients are small-business owners.

Tax experts generally agree that major tax legislation will be considered in 1993 and that a number of the credits and deductions may be restored then, but there's no certainty. "Unfortunately, these tax breaks are pawns that may be used to raise revenue, and the little guy will take the heat on it," says Hull.

Despite the uncertainty over the future of these tax benefits, accountants maintain that there still are a number of important tax-planning strategies that business owners can follow. Here are some of the more significant ones:

**Lowering State Tax Liability.** When looking for tax savings, small-business owners should pay close attention to state and local taxes, says Jack Porter, national director of tax practice for the accounting firm of BDO Seidman in the company's Washington, D.C., office. "States are becoming increasingly aggressive in trying to collect tax revenue," he says. A sluggish economy, combined with reduced federal aid to states and municipalities, has put pressure on state and local governments to increase tax revenues, and business people need to make sure they are not paying too much.

Sales taxes and use taxes are two types of revenue raisers that states have been employing to make up for shortfalls—and auditing for possible noncompliance. The sales tax is an excise tax typically imposed



PHOTO: SPOND SMITH—THE STOCK MARKET  
**Asbestos-removal expenses create a long-term benefit and must be capitalized, the IRS says.**

on retail sales of taxable property or services. The use tax is an excise tax generally imposed on any taxable property bought for storage, use, or other consumption in the state—if the sale was exempt from sales taxes because the property was purchased out of state.

You should review your company's records to identify potential overpayments of sales and use taxes on purchases of machinery and equipment used in manufacturing. Generally, such purchases are exempt or are taxed at a reduced rate—often as inducements by states to attract business.

If you do business in more than one state and are trying to lower your tax liability, accountant Porter suggests you consider moving your inventory out of the

higher-tax state. This may save you personal property taxes on your inventory as well as state income taxes.

In the property-tax area, he suggests maintaining a list of personal property on which you are being assessed and the level of the assessments. Monitor the list carefully year to year to make sure assessments are not higher than warranted, he says.

Look closely too at state income tax rates; you may want to change the incorporation of your company from one state to another. Porter cites the example of a medium-sized manufacturer incorporated in New York but headquartered in New Jersey. By changing the company's incorporation to New Jersey, the firm paid income taxes in New Jersey, where the corporate tax rate is lower than New York's. The shift resulted in a significant tax savings.

**Quick Tax Refund.** If your business expects a sizable federal income-tax refund because 1992 turned out to be less profitable than forecast, you may be able to expedite that refund to receive it several months earlier than usual, says Sam Starr, a partner with the Washington office of the Coopers & Lybrand accounting firm.

Also, another cash-flow benefit may be possible in 1993 if you expect your company to incur a loss in 1993.

Under regular refund procedures, a corporation cannot receive a refund for overpaid taxes until a return is filed. When a corporation files for an extension in submitting an annual income-tax return, the time for receipt of the refund is delayed further.

However, a special Internal Revenue Code provision allows a corporation that overpays estimated income taxes to apply for a quick refund immediately after the close of the tax year. To expedite the refund, you will need Form 4466, a request for refund of the overpayment of estimated tax. The application must be filed no later than the 15th day of the third month after the end of the corporation's tax year and before the corporation files an income-tax return.

Starr says that the Internal Revenue Service will pay the refund within 45 days of the date on which the application is filed, except if errors or omissions are



*Some tax advantages for business have expired, but these steps can help you keep your tax bill to a minimum.*



PHOTO: T. MICHAEL KEZIA

**"States are becoming increasingly aggressive in trying to collect tax revenue."**

—Jack Porter  
National Director of Tax Practice  
BDO Seidman  
Washington, D.C.

found. To qualify for this refund, the estimated tax overpayment has to be at least 10 percent of the expected income-tax liability for the taxable year, and at least \$500. In addition, you can obtain an immediate cash-flow benefit by postponing some or all of the 1992 corporate taxes otherwise payable during 1993 if it is estimated that a loss will occur in 1993. The postponed amount may never have to be paid if the estimate of the 1993 loss turns out to be accurate, says Starr. To use this provision, Form 1138 must be filed with the IRS before paying the taxes relating to the extension.

**Automobile Deductions.** If you are self-employed and use your car to visit clients or for other business purposes, such travel expenses are tax-deductible. To separate your business and personal use of your car, keep a log of the purpose and mileage of each business trip.

For 1992, the IRS lets you deduct 28 cents a mile or your actual outlays for oil, gasoline, repairs, registration, and license fees. With this latter method, you also can depreciate your car over five years.

**Excess Inventory and Charitable Contributions.** Before your company's tax year ends, don't neglect to check the condition of the inventory you have on hand. "Almost everyone has some items in inventory that they are never going to sell," says Thomas P. Ochsenchlager, a tax partner in the Washington office of the accounting firm of Grant Thornton. Excess or slow-selling inventory can earn a federal tax deduction when it is donated to charity. "Be sure that you take advantage of this provision by the end of the year," he says.

collects excess inventory from companies and redistributes donated items to qualified schools and charities across the country. For information on the program, call 1-800-562-0955.

**Supplies.** Whether you operate your business on a cash or an accrual basis, you can take a deduction for supplies you have purchased, such as paper and pencils, says Ochsenchlager. To maximize your deduction for 1992, you may want to stock up on supplies before year-end, he says.

**Cafeteria Benefit Plans.** If you haven't already done so, look into the benefits of establishing a Section 125 Plan, or a so-called cafeteria benefit plan, for your employees. These plans can be used to increase take-home pay for employees, and often they lower payroll taxes for employers. (Section 125 refers to the section of the Internal Revenue Code that authorizes such plans.)

Under this approach, employees can pay their health-insurance premiums with pre-tax dollars. By doing so, premiums are deducted from an employee's gross pay before taxes are calculated. You also can establish a cafeteria plan for dependent care and medical and dental costs that are not reimbursed by insurance plans.

Another benefit of such a plan is that

A regular C corporation can deduct the cost of the products donated plus half the difference between the cost and fair market value. The deduction may be as large as twice the product's cost. One nonprofit organization—the National Association for the Exchange of Industrial Resources—

the amount deducted is not subject to Social Security taxes, federal taxes, or—in most instances—state income taxes.

**Asbestos Removal.** Although many tax accountants maintain that the costs of removing asbestos from a building are deductible in the year they are incurred, the IRS has indicated otherwise in a recent National Office Technical Advice Memorandum. (Such memoranda are issued in response to queries arising from IRS audits and do represent IRS positions but are not final statements of law.)

The agency held that asbestos-removal expenses are not incidental repairs that can be expensed in the year incurred; instead, they create a long-term benefit that accrues beyond the year in which such costs are incurred, and therefore they must be capitalized. This means that expenses must be added to the cost of the property and depreciated over its statutory useful life—31½ years for commercial real property and 27½ years for residential property.

If your company has incurred or plans to incur costs associated with asbestos removal, be sure to consult with your tax adviser about the proper tax treatment of these costs, says accountant Ochsenchlager.

**"Be sure you take advantage of [the deduction for charitable giving] by the end of the year."**

—Thomas P. Ochsenchlager  
Tax Partner  
Grant Thornton  
Washington, D.C.



PHOTO: T. MICHAEL KEZIA

lager. You will want to determine the best way to protect yourself against any penalties the IRS might propose if it examines your return and challenges your treatment of the costs, he says.

Experts note that a taxpayer might successfully challenge the IRS position. Says Peter Scott, a partner with Coopers & Lybrand's Washington Tax Consulting Services: "It is very likely that the issue will end up in court."



## First We Designed In The Air Bag.





## Then We Designed In All The Ways To Avoid It.

Corsica's driver's-side air bag\* is designed to deploy in a moderate to severe frontal collision. Which is why every driver and fleet administrator hopes to never see it.



At Chevrolet, we feel the same way. And at GM's bio-medical research lab, more Ph.D.s and M.D.s are involved in automotive safety research than at any other car company in the world. GM engineers each air bag system for the vehicle in which it is installed. These driver's-side air bags are standard on 1993 Caprice, Corsica, Chevy Beretta and Corvette.

And dual air bags will be standard on the 1993 Camaro. Similarly, GM



developed an award winning anti-lock brake system that is standard on many 1993 Chevrolets, including Corsica.

And of course, at the world's largest proving grounds, GM puts thousands of hours of research and testing into developing responsive, predictable handling and braking systems to help drivers maintain control, even during

emergencies. And keep the air bag safely packed away, where it belongs. For more information, call Fleet Operations at 1-800-248-2897.



\*Always wear safety belts, even with air bags. Chevrolet, the Chevrolet Emblem, Camaro, Caprice, Corsica and Corvette are registered trademarks and Chevy is a trademark of the GM Corp. ©1993 GM Corp. All Rights Reserved. Buckle up, America!



Chevrolet. The Heartbeat Of America™



## ENTREPRENEURSHIP

# Early Achievers

By Sharon Nelton



PHOTO: J. MICHAEL KEZA

**Steve Lovett, 16, of Reston, Va., runs his car-detailing and odd-jobs business professionally, tracking performance on a home computer.**

**H**ere's some advice on starting a business:

From Stephen A. Lovett of Reston, Va.: "Don't always try to re-invent the wheel. Use the knowledge that other people have gained and what they've learned through their experiences and apply that to your business, and you'll get where you're going a lot faster."

From Braun Mincher of Littleton, Colo., a Denver suburb: "If you think you can do it, you're going to be able to do it. There are so many times you think about giving up, that this is not going to work. Stick with it another day. Keep on with it. If you stick to it and you know you're doing an honest, legitimate business, it will work. It may take a year, it may take two years, but it will work for you. So have belief in yourself."

That's the sort of wisdom you expect from seasoned, mature entrepreneurs. Lovett and Mincher are entrepreneurs all right, and they are mature—mature beyond their years. Lovett is 16, and Mincher is 19.

Lovett and Mincher are just two examples of the thousands of teenagers across the country who, instead of flipping burgers after school or serving as camp counselors in the summer, figure out how

to make money by starting their own businesses.

Studies have shown that entrepreneurship gets in the blood early. Lovett began mowing lawns when he was 11 and graduated to washing cars. Now he runs Lovett Enterprises, a small company that does yard work, automobile detailing, and odd jobs. Four other teenagers work with him as franchisees—Lovett gets 20 to 30 percent of their take, depending on their experience. In a good month, the business brings in close to \$1,000.

Although most of Lovett's customers are local residents, his reach has lengthened. In 1991, when he participated in the Minority Enterprise Development Week conference in nearby Washington, D.C., he picked up a couple of additional jobs. One is to clean the maintenance trucks for an apartment complex; the other is to clean the vehicles that a New Jersey automobile dealership sells in fleets to Virginia customers. Lovett also made the contacts that led him to being featured in an article in *Essence* magazine and on "Tony Brown's Journal," a television show aired weekly on PBS.

Lemonade stands have long symbolized children's enterprise, and Mincher says he really did begin with one when he was

*Many teenagers prefer the independence—and the income—they get from running their own businesses.*

5 or 6 years old. While he was operating his lemonade stand, the owner of some nearby vacant houses offered him \$10 a week to water the homes' yards (his dad would turn the hose on and off for him). "It escalated from there," says Mincher.

When Colorado legalized casino gambling in Cripple Creek, Central City, and Black Hawk a year ago, Mincher was swift to see a business opportunity.

There's little room for parking in these historic mining towns, which are reached by narrow mountain roads. With a population of 600, Cripple Creek is the largest. Mincher put together a business plan, rounded up some money (he won't say how much) from a silent partner, and started Western Starr Charters to transport casino customers between Denver and the new gambling meccas, a drive of 45 minutes to two hours away. He also worked a deal with casino operators to provide his customers with enticements such as free drinks and buffet luncheons.

"So everybody is happy," says Mincher. "The casino gets the people at their place, we get the business, and the customer doesn't have to worry about driving."

Mincher is one of the youngest members of the Greater Denver Chamber of Commerce. But youth offers no protection from the kinds of problems that plague entrepreneurs. By September, business was so good that Mincher had bought out his partner, but top management changed at one of the casinos, and the new manager dropped the contract with Western Starr.

To make matters worse, Mincher says, he had to terminate an employee for business improprieties. The case is undergoing investigation by authorities.

"I look at it as a learning experience, 100 percent," Mincher says of the run-in with the employee. With the help of one full-time general manager and a part-time employee in Denver, Mincher now oversees his business from Fort Collins, where he is a freshman at Colorado State University.

That people as young as Lovett and Mincher are taking charge of their own economic lives and even putting others to work is just fine with Emmanuel Modu, author of *The Lemonade Stand: A Guide To Encouraging the Entrepreneur in Your Child* (Bob Adams, Inc., \$12.95).

"Young people should be taught that they can be employers, not just employ-



**"The only way I'd file my own return is if I knew it'd be easier and faster than taking the stuff to someone else."**

**Of course, I'd have to know I was paying the least tax and it'd be perfectly accurate."**

**With TaxCut® Software, filing your own tax return is a simple two-step process:**

1. Key in answers to the questions your computer asks.
2. Print and file!

**It's guaranteed accurate, and you'll pay as little tax as the law allows.**

**Plus you'll get two Free Gifts.**

This year, team up with TaxCut and your computer to complete your tax return. You'll have the skill of America's best tax professionals, plus computer power to save you time and money. Better yet, you'll understand your taxes as you never have before.

#### How It Works

You start by selecting the Interview, Shoebox, or the Direct-to-Forms method.

**The Interview.** TaxCut asks you simple Yes-or-No questions right on your computer screen. Based on your answers, TaxCut selects just those questions you must answer to correctly fill out your return, from the thousands of questions in its database.

As TaxCut learns more about you, it decides which forms you need and fills them out for you. The Interview asks you to key in the relevant numbers from your receipts, forms, etc.

After you've answered the questions, TaxCut shows you your completed return on the screen, and prints IRS-approved forms, on plain paper, ready to file.

**The Shoebox.** Pick up any receipt from your pile of records. Use the scroll-down list TaxCut shows you to identify the type of record. Then key in the number. TaxCut decides where it should go on your return...then does all the calculations.

**Direct to Forms.** If you prefer, you can go right to the forms. Simply enter the numbers, and let TaxCut automatically carry the amounts to each relevant form. TaxCut will then do all the math.

#### Be Your Own Tax Expert Instantly

TaxCut knows the entire Tax Code, so you don't have to. You access what you need to understand through the on-line Help with just a keystroke.

Or, go straight to IRS instructions for what you're trying to do, if you prefer.

#### TaxCut Audits Your Return Before You File

TaxCut checks every figure as you complete your return. Then it compares all your deductions with national averages.

The program alerts you to anything that looks out of line, to reduce the risk of an IRS audit.

#### Guaranteed Accurate

TaxCut is the only software to guarantee the accuracy of its calculations. If the IRS makes you

pay a penalty because of a miscalculation in TaxCut, we'll pay that penalty for you.

#### Your Complete Tax Tool

TaxCut provides over 85 different IRS forms and worksheets, from the most common to the obscure. They're all IRS-approved, and print out on plain paper on any printer.

You can also file the new IRS-preferred 1040PC form (uses less paper). Or file electronically for a faster refund.

#### State Versions Available, Too

Select any of 23 Windows or DOS State Editions, plus CA and NY for the Macintosh. Data from your Federal return automatically transfers to the State Edition to save you time and ensure accuracy.

#### DOS/Windows:

AZ	CA	CO	CT	DC
FL	GA	IL	IN	MA
MD	MI	MN	MO	NC
NJ	NY	OH	OR	PA
TN	VA	WI		

Macintosh: CA NY

☐ **YES!** Please reserve my copy of TaxCut for the 1992 tax year now (plus state editions indicated). You'll bill my credit card/cash my check today, and send my Free Software (U.S. Atlas, for DOS and Windows buyers, and MacUSA™ for Macintosh buyers) and the 1992 Tax Tips booklet. (I'll receive the Final Edition of TaxCut in early February, after the Federal Government approves this year's tax forms.)

TaxCut Edition	State	Quantity	Price	Total
Federal Only			\$49.95	
Federal/State			\$79.90	
Additional State			\$29.95	
Sales Tax (CA, CT, FL, and TX residents please add sales tax.)				
Shipping: \$2.50 US, \$16 Canada (U.S. Funds Please)				
Order Total				

NAME

STREET ADDRESS

CITY/STATE/ZIP

DAYTIME PHONE (24 HOUR IF BUSINESS)

CARD NUMBER

EXP. DATE

SIGNATURE

Also available at your favorite retailer.

**NEW!**  
**TaxCut**  
is now available for IBM DOS,  
Windows and Macintosh!



#### Order By 1/31/93 To Get Two FREE Gifts

Order your TaxCut for the 1992 tax year before this special offer expires 1/31/93. Send us a check or money order, or we'll bill your credit card today only \$49.95 for the Federal edition and \$29.95 for each state edition (plus shipping). We'll immediately send your two Free gifts: U.S. Atlas, a \$69.95 software value. It's an atlas, almanac, and fact book right on your computer. (Macintosh users will receive MacUSA™) You'll also get 1992 Tax Tips by Daniel Caine to get you started right for the easiest tax preparation ever. Then in early February 1993, we'll automatically send you the IRS-approved Final Filing Edition of TaxCut for the version you choose: DOS, Windows, or Macintosh.

To Order, Call Toll Free  
**1-800-866-8531 ext. 403**

24 hours, 7 days a week

Or Fax Your Order To  
**1-800-944-6322**

#### System Requirements

DOS: IBM PC/Compatible, 640K RAM, Hard Drive.  
Windows: IBM PC/Compatible, 286 or higher, Hard Drive, Windows 3.1, 2MB RAM.  
Mac: Mac Plus, System 6.0.2 or higher, Hard Drive, 2MB RAM.



**Media:** (if no box checked, we'll ship 3 1/2" IBM/DOS)

- ☐ IBM/DOS 3 1/2" (TDG392F)  
☐ IBM/DOS 5 1/4" (TDG592F)  
☐ Windows 3 1/2" (TWG392F)  
☐ Windows 5 1/4" (TWG592F)  
☐ Macintosh (TMG92F)

#### Method of Payment:

- ☐ Check or Money Order Enclosed  
☐ Payable to MECA

- ☐ Visa ☐ MasterCard ☐ AMEX

Canadian residents are responsible for all duties and taxes upon delivery. We can only ship and bill to U.S. street addresses, no P.O. Boxes (including PR, US Territories, FPOs, APOs, and Canada.)

Mail To:  
**MECA Software, Inc.**  
P.O. Box 912, Dept. 403  
Fairfield, CT 06430-0912

**meca**



## ENTREPRENEURSHIP



PHOTO: STOW NUBBLER-BLACK STAR

**Long Island** computer consultant Morris Beyda, left, is featured in Emmanuël Modu's book *The Lemonade Stand*.



PHOTO: T. MICHAEL KEEN

**Colorado** entrepreneur Braun Mincher, 19, transports customers from Denver to casinos in three mountain towns.

ees," says Modu, a senior financial analyst with Merrill Lynch in New York and the founder of a fledgling organization, the Center for Teen Entrepreneurs. In surveying young entrepreneurs for his book, he found that for many of them, their main reason for being in business was not to make money. "A lot of them just want to be independent—which is actually true in the adult population as well."

The value of encouraging young people to consider entrepreneurship as a career path is gaining momentum. In 1989, Florida businessman Nasir M. Ashemimry founded Business Kids, an organization that teaches entrepreneurship. He took that step after his son, Ibrahim, three years earlier, at age 10, had asked him: "Dad, can I have my own business cards, so I can be a businessman just like you?"

"Being a businessman is more than just having business cards, son," Ashemimry replied.

"Like what?"

Ashemimry says that that simple conversation made him realize that most young people don't really understand what business means. He set out to change that. Now Business Kids, a for-profit organization, has 75,000 members, ages 10 to 18, across the country.

Avon Products, Inc., and the U.S. Small Business Administration, which have been sponsoring an annual "Women of Enterprise" awards program for women entrepreneurs since 1987, this year included an award for a teenager. The winner was Susan E. Behm of Westminster, Colo., who founded Susie Q's Embroidery, a computerized embroidery company, three years ago when she was 15.

Inspired by her mother, Barbara

Behm, a consultant to the embroidery industry, Susan Behm learned to use the embroidery equipment and now markets embroidered sweatshirts, T-shirts, bags, jackets, towels, and other items to such customers as radio stations, teams, stores, and an ice-skating club.

Behm was sponsored for the Avon award by Junior Achievement of Rocky Mountain, Inc. Nationally, Junior Achievement has been long noted for its programs of economic education for young people, and Behm says the organization "helped me understand how to run my business."

Other organizations also include strong entrepreneurial components in their programs. Braun Mincher credits the Distributive Education Clubs of America with teaching him how to write a business plan. Steve Lovett was president of his high school's chapter of the Future Business Leaders of America last year. The organization is headquartered in Reston, and Lovett says that "the president and CEO is one of our good customers."

**A**lthough teenagers frequently say their parents inspired or helped them become entrepreneurs, the parents often maintain a hands-off policy when it comes to their children's businesses. In an essay in *The Lemonade Stand*, Morris D. Beyda, the founder of Computers Simplified, a consulting business in Dix Hills, N.Y., writes that when he started his business at age 16, "both of my parents allowed me to conduct my own affairs, watching as I made mistakes and learned from my mistakes. I was always encouraged to use my own judgment and thus formed my own opinions on what I should be doing."

When *Nation's Business* interviewed Steve Lovett, his mother pointedly went to another room. Lovett says his parents are "there when I need them, but they don't try to take control."

Teenagers also tend to find that their youth is a plus in business. "One of the advantages of being a youth-managed company is that we can offer those very high-quality [auto-detailing] services at much lower prices because we don't have families [to support]," says Lovett.

While teenage entrepreneurship has its rewards, it has its dark side, too. It can fuel greed. Success can lead not only to arrogance but to dishonesty and crime. Public admiration for entrepreneurial "whiz kids" can skew young people's values.

In what was surely a worst-case scenario, Barry J. Minkow, who founded ZZZZ Best Co., a carpet-cleaning company in Reseda, Calif., when he was only 16 years old, was sentenced to 25 years in federal prison for securities fraud and other crimes when he was just 23. He had defrauded investors of \$100 million and had used much of it to live a flamboyant lifestyle. One journalist called him "the kid who swindled Wall Street."

In October, Lawrence H. Adler, 18, dubbed the "teen tycoon" by *The Washington Post*, was sentenced to six months in jail for lying under oath about cheating on his college entrance exam.

The Potomac, Md., youth had been highly publicized in earlier years for founding several companies, including Rent-a-Kid, a lawn- and home-maintenance business. By age 14, it was reported, he was carrying three sets of embossed business cards and often was riding in a chauffeur-driven limousine.

Such cases "are more or less aberrations," says Modu.





PHOTO: T. MICHAEL ALLEN

**Susan Behm, 18, center front, embroiders items like these jackets sported by an auto mechanics' group in Westminster, Colo., where Behm runs Suzie Q's Embroidery.**

tions, I think," says Emmanuel Modu. When he was writing *The Lemonade Stand*, he says, "I tried to stay away from the kids who were making a lot of money because those aren't representative of the entrepreneurship population. But I think that just like in any other profession, kids can be as crooked as adults can be." He suggests that the young people may not really know right from wrong because their moral values have not been completely developed yet. In his book, Modu

offers parents advice on helping their child-entrepreneurs with ethical questions.

"We're not trying to make kids rich," says Michael J. Holmes, director of corporate communications for Business Kids. "What we're trying to do is give them a basic understanding of the responsibilities required of an entrepreneur."

The young entrepreneurs interviewed for this story say such cases don't concern them. Says Braun Mincher: "We run a

completely legitimate company, and when I say completely, I mean spotless. Squeaky clean."

While Modu wants young people to think about becoming entrepreneurs, he also urges them to get their college educations. And that's what they seem to be doing—if only to further their entrepreneurship.

Susan Behm is working on an associate degree in business management at a community college to learn how to expand Susie Q's Embroidery.

Steve Lovett expects to go to college and is interested in business, engineering, and real estate—but he hopes to own his own business after college.

Mincher aspires to be a multibusiness tycoon on the scale of Donald Trump—after he gets an undergraduate degree in management or marketing and then an MBA.

However, higher education doesn't have to mean business school, says Modu. "Any discipline is important. It teaches you how to think."

Modu also emphasizes that young people who have entrepreneurial skills can increase their chances for success in corporate America, where they can be entrepreneurs in their own jobs and create innovative solutions to problems.

If you think it's possible to start something on your own within or outside of a corporation, it's still worth something, whether you do it or not, says Modu. "That's one of the benefits of thinking entrepreneurially. You're thinking that you can control your destiny."

## Resources For Teenage Entrepreneurs

Here are resources for teenagers who want to start their own businesses:

### Books

*The Lemonade Stand: A Guide To Encouraging the Entrepreneur in Your Child*, by Emmanuel Modu (Bob Adams, Inc.; \$12.95). To order, call The Center for Teen Entrepreneurs at 1-800-438-8336.

*Better Than a Lemonade Stand: Small Business Ideas for Kids*, by Daryl Bernstein (Beyond Words, \$7.95). The author is a teenage entrepreneur.

*A Teen's Guide To Business: The Secrets to a Successful Enterprise*, by Linda Menzies, Oren S. Jenkins, and Rickell R. Fisher (MasterMedia, \$7.95).

### Organizations

■ Center for Teen Entrepreneurs, P.O. Box 3967, New York, N.Y. 10163-6027; (201) 824-7207 or 1-800-438-8336. Helps young people age 11 to 18 develop and run their own enterprises.

■ Business Kids, 1300 I Street, N.W., Suite 1080 East, Washington, D.C. 20005; (202) 408-0699. A club for young people ages 10 to 18. Purchase of the \$49.95 "Business Kit" entitles the buyer to a one-year membership. The kit includes booklets, a business-plan guide, and other tools for starting a business.

■ Distributive Education Clubs of America, 1908 Association Drive, Reston, Va. 22091; (703) 860-5000. Prepares students for careers in marketing and management as well as for entrepreneurship.

■ Future Business Leaders of America, 1912 Association Drive, Reston, Va. 22091; (703) 860-3334. Encourages students to become entrepreneurs or to seek careers in business.

■ Junior Achievement, Inc., National Headquarters, One Education Way, Colorado Springs, Colo. 80906; (719) 540-8000. Sponsors an extracurricular program for high-school students who organize and operate their own businesses.

■ The National Foundation for Teaching Entrepreneurship, 64 Fulton St., Suite 700, New York, N.Y. 10038; (212) 233-1777. Encourages entrepreneurship among disadvantaged inner-city youth and children with disabilities.

■ The National Center for American Indian Enterprise Development, 953 East Juanita Ave., Mesa, Ariz. 85204; 1-800-423-0452. Offers entrepreneurial education to American Indian students.

■ REAL Enterprises, Inc., P.O. Box 1643, Athens, Ga. 30603; (706) 546-9061. Helps rural students throughout the country develop and implement business plans for enterprises expected to succeed.

### Conferences

EntreCon—High School Conference on Entrepreneurship. Director of Undergraduate Education, Wharton Undergraduate Division, Suite 1100, Steinberg-Dietrich Hall, Philadelphia, Pa. 19104; (215) 898-4856.

An intensive program on entrepreneurship for high-school juniors and seniors.



## RETAILING

# It Pays To Deliver

By Julie Candler

**F**iling, Inc., an office-supply store in New York City, told customer Leigh Silber there would be no charge to deliver a file cabinet she was considering. That offer helped persuade her to buy it. The store also earned Silber's loyalty by not charging to send an employee soon afterward to help with a slight operational problem.

"People are burdened to the limit these days," says Silber, who teaches marketing at the Management Institute at New York University's School of Continuing Education. "Any business that can make things easier for customers will profit from it."

Today, many small businesses are making things easier for their customers by delivering the goods and services that they sell. Retailers are driving up to customers' doors with restaurant meals, drug-store items, groceries, videos, flowers, pizzas, a host of services, and other pleasures and necessities of life. And customers are reacting positively.

In Troy, Mich., for example, Cindy Sommerville has a growing list of customers for her six-month-old business of delivering pet-grooming services to customers at their homes. She operates her business—Great Grooms—with a heated and air-conditioned van that she turned into a mobile grooming salon.

Sommerville's Dodge Ram Van has a raised roof plus hot and cold running water. For electricity, she simply runs an extension cord to an outlet in the customer's house. Then she is ready for the business of dog bathing, fluff-drying, clipping, styling, grooming, and toenail-clipping. (She doesn't do cats; they take too long to dry, she says.)

The tab for a complete treatment varies from \$30 to \$35 for a fox terrier to \$40 to \$45 for a golden retriever. Sommerville charges about \$10 extra to cover transportation costs. She can beautify up to six dogs a day, depending on the breed.

For Gorno Ford, a Ford Motor Co. dealership in Woodhaven, Mich., delivering automobile service builds good will. The company offers its customers who work at Ford's huge Woodhaven Stamping Plant, a mile and a half from the dealership, free pickup of their cars for maintenance services and repairs.

By arrangement with the plant's management, 15 spaces in the plant's parking lot are set aside for Gorno Ford customers. Plant employees who want their cars serviced at Gorno park their cars in the designated area, then give the keys and a work order to plant security personnel.

Gorno Ford dispatches a shuttle with one to four drivers to the lot daily to pick up and deliver the plant workers' automobiles, depending on the number of advance orders it receives by phone. After they are serviced, vehicles are returned to the lot before the end of the workers' shifts; bills are left in the cars.

In the year since Gorno Ford began the service, not one customer using the system has neglected to pay Gorno the amount due.

"People are delighted with the system. We think they will like our service well enough to think about buying from us the next time they need a car," says Ron DeBiasi, parts and service director.

Although it delivers its product rather than a service, Robb's Music in Boulder,

*Small firms are delivering everything from pizzas to pet services, and their customers like the convenience.*

Colo., like Gorno Ford, sees delivery as an incentive for customers to buy from the company. Robb's provides free delivery of the electronic keyboards and pianos it sells. The free service includes removing the units from boxes, assembling them, and connecting wiring. Other stores make similar kinds of delivery free for orders above a specific dollar amount.

**B**ob and Helen Spunt provide delivery of a simpler sort. Their videotape-delivery business grew out of an idea conceived by Bob on a cold, snowy night in Boulder, when the Spunts and a group of friends decided to watch a movie together on a home VCR. Unfortunately, no one wanted to venture out to rent a tape.

Since the Spunts opened The Video Stork in 1985, their sales volume has climbed. They now have eight full-time employees and two delivery cars. They charge a \$3.50-per-day rental fee for one tape and \$1.99 for additional videos, plus \$3 for delivery and pick-up. Customers can select films by calling the store and talking with a clerk.

Bob Spunt, formerly with IBM, set up the computer software system that keeps track of the videos, whether they're delivered to homes or checked out from their shop.

Video Express, Inc., of Birmingham, Mich., provides a similar service. Aaron Frank, the business's 25-year-old president, says he decided on a video-delivery business because a person who rents a movie has already decided to stay home that night and probably would prefer not to go out to pick up a film. His firm charges \$3.99 for the video, including delivery and pick-up. After four years, Video Express' customer list numbers 4,000 and is growing by about 100 each month. The company delivers about 500 tapes a week.

Frank keeps costs low. From a small storefront location, part-time delivery personnel use their own cars and are paid \$4 per hour plus the cost of gas. "They make their money on tips," says Frank. He routes deliveries so that four or five stops can be made on one run and within a limited area.

Frank also economizes by limit-



PHOTO: KENNY FORD—BLACK STAR

The grooming of Weston, a Welsh terrier, is carried out in Cindy Sommerville's mobile salon.



# You're Only 45 Minutes Away From Success.



Executive Seminars in Sound can help you improve your management skills—and your bottom line—fast. Eight audio cassettes deliver practical, proven techniques that you can implement right away.

The 45-minute tapes cover:

1. How To Get Your Ideas Across
2. Your Role as a Decision Maker
3. Better Management of People
4. Mastering the Art of Delegating
5. Making the Most of Your Time
6. Organizing Your Plans and Planning Your Organization
7. Strategies of Moving Ahead
8. How to Live with Your Own Success

Listen in your car, at the office, at home or in your hotel room with convenient tapes in a compact binder. Then inspire your employees, control your schedule and prepare to enjoy your success.

You'll profit for a lifetime from a \$95 investment in Executive Seminars in Sound. If you're not convinced these tapes will make your life easier, just return them within 15 days for a full refund. Order your set today.



## Try it for 15 days FREE

**Guarantee:** Send me "Executive Seminars in Sound." If not thoroughly satisfied, I can return it for a full refund.

- ☐ Check enclosed for \$95. Please include \$3.00 for shipping and handling.  
☐ Bill my credit card: ☐ AE ☐ VISA ☐ MC

Card No. \_\_\_\_\_ Exp. Date \_\_\_\_\_

Signature \_\_\_\_\_ Title \_\_\_\_\_

Name \_\_\_\_\_ Company \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

No P.O. Boxes—UPS Shipments Only

Nation's Business Executive Seminars Division, 1615 H Street, NW, Washington, D.C. 20002  
 California and D.C. residents, add sales tax.

**Call Toll Free 1-800-321-4949**

NB1292

Circle No. 13 on Reader Service Card



ing the number of videos he carries. Working on the theory that 20 percent of inventory will generate 80 percent of revenue, he says, "we try to carry the 20 percent," mainly the more popular and newer releases.

Computer technology helps Video Express track its inventory and operate an informational hot line. Customers can call the hot line and punch in the numbers for voice-mail recordings that list videotapes by categories such as new releases, comedies, action movies, and horror films.

"I have always felt that delivery is going to be a major wave of the future with our convenience-based society," says Frank.

Indeed, retailers see growth potential in delivering products and services to the homes of the elderly and especially to working women as the numbers of both increase. A woman who works all day may not want to leave the house again after coming home from the job.

In addition, "as long as women are working, they can justify using extra services," says Charles Mouser of Crewe,



**Delivering** restaurant meals is a fast-growing business, says Kirk Scott, owner of Door2Door, shown with part-time delivery driver Susan Schaper.

## Home Shopping At The Supermarket

Some chain-store operations are using technology to provide delivery and pick-up service on a wide scale. Michael Layne, spokesman for Kroger's marketing operation in Michigan and 77 Kroger grocery stores, says the chain's volume of telephone and fax-machine orders has been increasing since its order-and-delivery service began a year ago.

Kroger charges \$9.95 to deliver any size order and \$5.95 to bag an order for customer pick-up at a local store. Callers can place their orders by dialing an 800 number anytime of any day.

On Oct. 1, Kroger and Michigan Bell made available to customers an electronic ScanFone ordering system. The automated ScanFone, developed by US Order, in Herndon, Va., plugs into any phone jack. The device is delivered upon request to shoppers, who pay a monthly rental fee of \$11.95.

ScanFone is a telephone attached to a magnetic-stripe credit-card reader, a 16-character display panel, and a light pen that scans bar codes. It does not require that orders be communicated to a person.

With the ScanFone, the user also gets a catalog of 6,500 grocery items from Kroger and can order additional bar-coded catalogs from 15 other participating companies, including Crate & Barrel (kitchenware and furniture), Road Runner Sports, Bose Express Music, Ross-Simons (jew-

elry), Barnes & Noble, and PC Connection. Local merchants too can be placed in the ScanFone system. "We expect to do that," says William S. Gorog, chairman and chief executive officer of US Order.

After a yearlong test program, the system was introduced through Ameritech Services, Inc., of Hoffman Estates, Ill., and its subsidiary, Michigan Bell, of Detroit. "They are promoting it heavily through television and direct mail," says Gorog.

Shoppers can tap into ScanFone by entering a four-digit password, then moving the scanner over the bar code for each item in a catalog. When all items have been entered, the system displays the entire order on the screen so that changes can be made before the order is transmitted by the customer with the press of a keyboard button. A

detailed receipt arrives with the delivered groceries. Customers pay for groceries with a personal check at delivery or by passing a credit card through the reader. Another payment option is to have the purchase price withdrawn electronically from a bank account.

All ScanFone and other Kroger orders go through Shopper's Express, Inc., of Bethesda, Md. The fast-growing, privately held company is the nation's only national supermarket and drugstore shop-at-home delivery network. It also provides home deliveries for floral and other chains.

In addition to Kroger, based in Cincin-

nati, the firm's major retailers include two supermarket chains—Safeway, of Oakland, Calif., and Winn-Dixie, of Jacksonville, Fla.—as well as PayLess Drugs of Wilsonville, Ore., and Eckerd Drugs of Garland, Texas.

When Shopper's Express was organized five years ago, "we thought we would be providing a service primarily for the elderly," says Kara Kernan, vice president of marketing. "We found that our primary customer is the double-income family with children. Those are the busiest people."

Kroger deliveries are made from 1:30 to 4:30 in the afternoon for orders placed the night before, or 6:30 to 9:30 in the evening for orders called in by 10 a.m. Shopper's Express contracts with a local delivery or courier firm in each market. Its uniformed drivers use special coolers for frozen and perishable items. As Shopper's Express transmits orders back to the individual stores, it also sends computer or fax alerts to the couriers involved.

As Kroger, the nation's largest grocery chain in sales volume, states on its home-delivery catalog: "1883 was the year Barney Kroger made Home Delivery a household tradition. Now 109 years later, the tradition and service return."

Kroger of Michigan started its delivery service, according to spokesman Layne, because "we are very sensitive to what our customers want. Our market research shows this is something they want."





# CAN YOUR BUSINESS SURVIVE YOUR FAMILY?

New From  
Nation's Business



CALL TOLL FREE  
1-800-538-4400.

Can't understand why dad won't retire? Think your kids could never run the company? Worried how the family business will survive?

"Making Your Family Business Outlast You" can help ensure that your business is passed on successfully to the next generation.

Developed by three of the country's leading family business authorities, the six-cassette audio program and "how-to" workbook give you insights and techniques on:

- Communicating Your Family Business Vision
- Understanding Your Family and Managing Family Conflicts

- Managing Your Family Business
- Raising Your Children For Leadership
- Preparing and Implementing A Succession Plan
- Finding and Using Advisers and Directors

Half of all family businesses risk failure because they don't have a succession plan—don't let yours become one of them. Order "Making Your Family Business Outlast You" today!

**YES**, please send me the "Making Your Family Business Outlast You" audio cassette program kit! If I'm not completely satisfied, I can return within 15 days for a full refund.

- ☐ Check enclosed for \$95.00  
Please enclose \$4.00 for shipping and handling.
- ☐ Please bill my credit card: ☐ AE ☐ MC ☐ VISA

Card Number \_\_\_\_\_ Exp. \_\_\_\_\_

Signature \_\_\_\_\_ Title \_\_\_\_\_

Name \_\_\_\_\_ Company \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

UPS Shipments Only—No P.O. Boxes. CA and D.C. residents add sales tax.  
Nation's Business, Circulation Department,  
1615 H Street, NW, Washington, D.C. 20062

NB1292

**Nation's Business**

Circle No. 44 on Reader Service Card



## RETAILING

Va., a lecturer who publishes the *Mouser Report* on retailing and advertising. "A woman tells herself she can make more money by spending an extra half-hour at the office and ordering the family's dinner. Catering to such people is the growth area," says Mouser. "People today put more value on time than money. We find in surveys of shoppers that price never rates higher than No. 4. Customer service is always No. 1."

Mouser encourages companies with the potential to increase profits through delivery. If they don't, he says, another entrepreneur will grab the business.

Restaurants have been among the most aggressive companies in tapping the profit potential of deliveries. According to Mouser, a restaurant that adds delivery service can increase volume 50 percent and not hurt its eat-in business.

Delivery within 30 minutes of a phone order was the guarantee that spelled success for Domino's Pizza, the nationwide chain headquartered in Ann Arbor,

**People are burdened.  
... Any business  
that can make things  
easier for customers  
will profit from it.**

Marketing Instructor  
Leigh Silber

Mich. Domino's is testing a system whereby customers won't have to figure out which of its outlets delivers in their neighborhood. If the system is adopted, customers will be able to call a seven-digit number from anywhere in the U.S. and be forwarded to the store that serves their area.

At Pizza Hut, Inc., of Wichita, Kans., market researchers learned that 40 percent of all adults have a meal delivered from a restaurant at least once a month. In 1986, the chain, a division of PepsiCo., in Purchase, N.Y., began taking its hot pizzas directly to its customers.

Today, delivery is Pizza Hut's fastest-growing distribution channel. Last year, delivery sales topped \$1.2 billion and accounted for 30 percent of U.S. system sales. This year the firm plans to add nearly 1,000 delivery points worldwide.

PepsiCo, which estimates that each day about 134 million people eat food prepared away from home, is also beginning delivery service at more than 200 of its Kentucky Fried Chicken restaurants.

In addition to individual restaurants

delivering hot meals to homes, many communities are served by firms or cooperatives that publish menu guides and transmit orders to restaurants' kitchens. Some send tuxedo-clad drivers who place the food on the customer's table; others may add a decorative rose.

In suburban Clawson, Mich., Door2Door delivers meals selected by customers from a guide that contains the complete menus and profiles of 100 restaurants in the area. The business, which began four years ago with one participating restaurant, averages 200 lunch and dinner orders per day and hopes the number will rise to 2,000. Orders are phoned in to Door2Door; deliveries are made by part-time workers using their own cars, which the firm equips with two-way radios. Drivers earn the basic waiter's salary plus tips and 16 cents per mile for gas. Customers pay \$2 for deliveries of less than three miles and 75 cents for each additional mile.

Door2Door's profit comes from collecting a 25 percent commission on each meal's price and from selling ads in the menu guide. Restaurants are willing to pay Door2Door the commission on meals that don't require their serving staffs' time. "We are a 'wait' staff on wheels," says Michael Hardy, director of Door2Door operations in Clawson. "Restaurants benefit because they cannot afford the delivery force and because of the sales we generate for them. It's a revenue source they would never go after on their own."

For 1992, owner Kirk Scott is distributing 70,000 menu guides. He predicts gross sales of more than \$2 million in the 250-square-mile suburban area served by the Clawson location. Door2Door also has franchise operations in Rochester, Mich.; Boston; and Louisville, Ky.

"Off-premises carry-out or delivery is the fastest-growing segment of the restaurant industry," says Scott, "and delivery is the fastest-growing segment of that. It's growing twice as fast as carry-out and drive-through."

**P**roduct and service delivery is by no means a new phenomenon. "Everybody delivered in the '30s," says Claude Martin, Winkelman Professor of Marketing at the University of Michigan's School of Business Administration.

And Charles Mouser notes that virtually every department store delivered before such service disappeared in the late 1950s. The practice stopped when it became expensive and when women shoppers began driving. Stores decided customers could take their packages home in the car.

"Now," however, says Martin, "we are coming back full cycle to the idea of convenience."

## Gain a Lifetime of Business Experience in 3½ Hours.

Get an edge on the competition with Philip Crosby's important new video series, "To Be An Executive. By Choice."

Mr. Crosby's 40 years of hands-on experience make him uniquely qualified to be your personal mentor in management. As he states, "As you become a better executive, you and your company - and this country - will prosper."

Philip B. Crosby is known as the leader of the Quality Revolution and the creator of the Zero Defects concept. He worked his way up from the assembly line to corporate vice president of quality for ITT Corporation and

then founded Philip Crosby Associates, Inc., and built it into the largest quality management consulting firm in the world.

The 12 original sessions contain three and a half hours of practical insights on what it takes to be an executive. Videos are accompanied by audio tapes for use while commuting. A complete package is \$495, or the audios can be purchased separately for just \$195.

To receive detailed information on how you can use Mr. Crosby's experience to achieve your highest goals, call:

1-800-223-EXEC (3932).

## CAREER IV™

253 N. Orlando Ave. • P.O. Box 941990 • Maitland, FL 32794-1990



# HELP YOUR SMALL BUSINESS GROW

## IN JUST 30 MINUTES A DAY.

*First Business* is the country's first weekday morning news program aimed at small business owners and managers.

In just 30 minutes a day, you'll get timely how-to information ranging from taxes to total quality management, computer systems to capital

formation and succession planning to entrepreneurial success stories.

And, we give you the latest market and financial reports, political news and travel advisories for a complete look at the business day ahead.

Watch *First Business* first thing each morning on the USA Network.

Barton Eckert, anchor



 **FIRST  
BUSINESS**

**IT'S EVERYTHING YOU NEED TO KNOW  
TO HELP YOUR COMPANY GROW**

**USA  
NETWORK**

Monday - Friday  
6:30 a.m. (Eastern & Pacific Time)  
5:30 a.m. (Central Time)  
Check your local cable TV listings.

*A joint presentation of the U.S. Chamber of Commerce and Connecticut Mutual Life Insurance Co.*



# They're Counting On You

By Janet L. Willen

**W**hen Torrey Byles, a senior consultant for Input, a consulting business in Mountain View, Calif., undertakes market research for his clients, he turns to the government. "I use lots of government statistics," he says, and one of his primary sources of information is the Economic Census.

This census, conducted every five years since 1810 by the Bureau of the Census, measures business activity throughout the country. Byles, who represents computer and software manufacturers and information-services providers, uses the census results to pinpoint new markets for his clients and to evaluate their competition. Byles' clients provide services in EDI, or electronic data interchange, which, through fax machines and computers, facilitate communication between companies.

Byles studies the census returns to see which types of businesses are trading with each other. Where there is activity, there is opportunity, he says.

For example, says Byles, "I can go to my client and say, 'Here, between textile manufacturing and chemical companies ... there's \$7 million worth of business. This is a good opportunity for EDI.'"

This month the Census Bureau begins gathering data for its 1992 Economic Census, which the bureau describes as the "primary source of facts about the structure and functioning of the nation's economy." Federal agencies use the findings to measure economic activity, such as monthly retail sales and gross domestic product, and state and local agencies rely on the data to assess their economic development and conduct regional planning.

Businesses use the data to gauge the competition, calculate market share, locate markets and distributors, choose a site, and evaluate opportunities.

One entrepreneur, the Census Bureau says, used data about her line of business along with data on women in managerial occupations to support her loan application for a tailoring and alterations shop for women executives. Another business person used the numbers of businesses by ZIP code to assess the company's direct-mail list of service and retail businesses.

The bureau reports that the 1992 cen-



sus "reflects the greatest increase in scope since the 1930s," when some service trades were added to the count of retail and wholesale trades. This census has been expanded to include financial, insurance, and real-estate industries; communications; and pipelines, air cargo, and highway-passenger transportation.

For the census, one of 500 different

## Mark Your Calendar

The U.S. Census Bureau is required by law to conduct the Economic Census, and everyone who gets a form is required to respond. Responses are confidential.

The Census Bureau will begin mailing questionnaires Dec. 8, and they are due Feb. 15. Only a sampling of the very smallest firms will get forms. A few industries (agricultural services, forestry, and others) are not covered by the census.

The Census Bureau says that forms take from 15 minutes to two hours to complete. The average form is 2½ pages long. Businesses must complete one form for each establishment.

Companies that have questions about how to complete forms should call 1-800-233-6136. For information on purchasing Census Bureau publications or computerized products, call (301) 763-4100.

*The Economic Census forms being mailed soon to firms—possibly yours—will gather detailed data that you can use.*

forms will go to more than 3.5 million companies. The companies will then report on such business details as the number of employees, annual payroll, and the value of goods and services provided during calendar year 1992.

Robert Marske, special assistant on the Economic Census staff, says the forms are easy to complete because each one is specific to the company it covers. He cites examples in the clothing industry: "The form that goes to a clothing manufacturer is different from the one that goes to a wholesaler; the chemical company that produces the fabric gets a different form; the company that picks up and delivers gets a different one; and the forms for the retailer and dry cleaner are also different."

Census results will appear in printed and electronic forms beginning late in 1993 and will be available from the Government Printing Office and many libraries.

There will be more than 500 different printed reports. Detailed data will appear for the whole nation, and some statistics will be available for states and local geographic areas. Other reports will analyze economic statistics by industry, while others will give statistics according to establishment and firm size. Specialized reports will be prepared on minority-owned and women-owned businesses and other subjects.

Complete census results will also be available on computer tapes and CD-ROM (compact disc-read only memory) for microcomputers. Certain reports, such as ZIP code statistics, merchandise-line sales for states and municipal areas, and location of manufacturing plants, will appear in computerized form only.

CENDATA, the Census Bureau's on-line service, will provide highlights from the Economic Census.

Census data, the bureau says, can be vital to a business's planning and marketing.

Torrey Byles, of Input, agrees. "If you have a company, big or small, you need to develop a business plan. You need to know how many competitors you have in the country, in the region." And the Economic Census can tell you what you need to know.



RETAILING

# Shopping Malls Attract Small Firms

By Meg Whittemore

**W**hen retailer Alessandra Scamardo decided to include a small bead shop in the corner of her art gallery in Prescott, Ariz., she had no idea that selling beads would eventually lead her to the largest enclosed shopping-mall development in the U.S.—Mall of America, in Bloomington, Minn.

Scamardo owns and operates Bead It, a 400-square-foot slice of selling space in Mall of America, which opened in August. The mall's 4.2 million square feet of space includes four anchor stores—Bloomingdale's, Macy's, Nordstrom, and Sears—and hundreds of specialty stores. The mall also houses a seven-acre theme park, restaurants, an indoor miniature golf course, and many theaters and entertainment spots.

Attracted by forecasts of high customer traffic at the mall, Scamardo decided to open a bead shop there. "I am not a mall shopper," she says, "but this place amazes me."

Shopping malls long ago captured the imagination of major retailers across the country. In 1828, the first indoor shopping mall, The Arcade, opened in the United States. Businessman Cyrus Butler is credited with building the three-level emporium, in Providence, R.I.

Downtown shopping-center development grew during the first half of this century, and later mall developers followed their customers when city residents began moving to the suburbs in the 1950s.

In 1957, the International Council of Shopping Centers, a national trade association in New York City, started monitoring shopping-center development. Keith Foxe, public relations manager for the council,

defines a shopping center as "any group of retail stores that are managed and operated as a unit and have on-site parking." The council counted 2,000 shopping centers in 1957, primarily downtown shopping districts and suburban outdoor shopping centers. By 1991, the council listed 37,975 shopping centers—many of them enclosed shopping malls.

Enclosed shopping malls typically contain large department stores, called anchor tenants, and specialty stores. Specialty malls, also known as festival cen-

ters, are often part of an urban restoration project involving, for example, a train station or a waterfront area, and such malls don't necessarily have major retail stores as anchors.

Enclosed regional malls and specialty malls appeal to the small retailer primarily because of the high number of potential customers. The primary disadvantages for smaller operations in a mall setting are the overhead costs—rent,

*Small retailers like the high traffic and the incentive programs offered by regional and specialty malls.*

usually ended up in the bead shop, making a purchase," says Alessandra Scamardo.

Leonard Scamardo believed that the bead shop would do well in a mall, says his daughter, because "it attracted impulse buyers." After several unsuccessful attempts to locate in a mall near the gallery, the Scamardos entered the Mall of America's Entrepreneur Partnership Program.

Similar programs—called temporary-tenant programs or incubators—are offered by more than 1,400 mall developers nationwide. According to Foxe, the Mall of America partnership program "is now the benchmark by which other programs are measured."

The Mall of America program helps small, independent retailers determine if their businesses are suited to the inventory demands of a mall, and if they are, it then helps them formulate business plans and open their stores. Business incentives include waiving the costs of "building out" the store space—installing walls, heating, lights, floors, and signs. (Build-out costs at the Minnesota mall can easily exceed \$100,000 for a 900-square-foot space. The cost of fixtures—display cases and special lighting—and start-up inventory are additional.) The developer also provides ongoing marketing and operations consultant services.

The partnership program "is a big assistance," says Alessandra Scamardo, "because if you had to put out a lot of money up front before you even had your store open and generating dollars, it would kill you." She estimates that she saved more than \$75,000 through the program's build-out assistance.

George Robinson and Susan Rickert, mall tenants and owners of Hologram Land, a specialty store featuring three-dimensional art items, agree. The husband-and-wife team invested \$40,000 in fixtures and inventory. Mall of America picked up the additional \$20,000 in cost for the special lighting needed for Hologram displays. "It's much more than we could have paid," says Rickert.

Don Krieger, managing director for Terranomics Retail Services, a retail brokerage and mall-development company in San Francisco, says moving an independ-



PHOTO: KIMBERLY KEEFER

Opening her shop, Bead It, in the huge Mall of America was a good decision, says Alessandra Scamardo.

necessary inventory level, and common-area maintenance fees, for example. The rule of thumb, says Foxe, is that "if you can maintain a high level of sales, then you can handle the rent."

Scamardo's decision to try her luck in a mall was prompted by her father, who is also her business partner. A former mall developer, Leonard Scamardo watched as the bead shop flourished in the art gallery, which is in a downtown shopping district. "Prescott is a tourist spot, and the people who came into my gallery



## RETAILING

ent business to a mall location is out of the financial reach of most small retailers.

"Within the last decade, the national chains have begun to dominate the malls because they are bankable tenants," says Sandra Sutton, managing editor of *Monitor* magazine, a Maclean Hunter Media publication that covers the shopping-center industry.

But "the developers also need variety [in their tenant mix] so one mall doesn't end up looking like the next mall," says Sutton. Hence, the increasing popularity of entrepreneur-assistance programs.

The goal of these programs is to attract small, specialized businesses that sell distinctive products and to help such firms succeed in a mall setting. "The developers bring in temporary tenants through carts and kiosks, and they love to work with the promising ones to turn them into permanent, inline tenants," says Sutton, referring to the permanent tenants that have a storefront that is part of the mall's structural design.

Typically, the larger mall developers sponsor assistance programs because of their financial investment. "It has to be a very substantial landlord or developer" who is willing to pay for bringing in the smaller, more-specialized businesses that cannot finance on their own the costs of opening in the mall, says Krieger. That help is part of the developers' strategy to make their mall distinctive from others by offering customers a collection of small, specialized retailers as well as nationally known and well-established stores.



PHOTO: SWITCHEZAR

**Doubled sales:** Hologram Land owners George Robinson and Susan Rickert.

Anita Blackford, retail development director for the Entrepreneurship Partnership Program, says, "We believe in helping smaller and out-of-town businesses get started [at Mall of America], and if they do quite well here, we have other properties that we can take them to."

Scamardo's Bead It store was one of 19 small-business retailers brought into Mall of America under the partnership pro-

gram. Scamardo says her move to an enclosed shopping mall was a good business decision. In the first month of operation, Bead It's sales per square foot were among the highest in the mall, says Blackford. And Scamardo is considering expanding her store to 600 square feet from its current 400 square feet to meet customer demand.

Hologram Land's Robinson and Rickert are also pleased. "We are doing twice as much [business] as we expected," says Robinson. The couple owns three other Hologram Land stores in smaller malls in and around Minneapolis.

Even though Mall of America appealed to Robinson and Rickert, they didn't think they could afford the move, and "we were intimidated by the required 10-year lease," they say. After working with Blackford, who also acted as the leasing agent for the Entrepreneurship Partnership Program, the couple negotiated a three-year lease.

"The [partnership program's] application process was an eye-opener for us," says Rickert. "We were forced to write down our store concept for the first time and create a business plan—both of which were very beneficial to us as business people."

Says Blackford: "We didn't want to bring in any business that didn't understand retailing and didn't have solid relationships with their vendors."

The smaller retailers who do well in shopping malls offer narrow and specific products and services. "You must have a

## Should Your Business Be In A Mall?

If you own a small, free-standing retail business and are thinking about relocating or expanding to a shopping mall, there are some points you should consider before making the move.

The financial investment is a primary concern. Various assistance programs can be a big help, but even so, you will need money.

"Make sure you have plenty of money, because it always costs more than you think it will," says Don Krieger, managing director of Terranomics Retail Services, a California-based retail brokerage and mall-development firm. "Expanding to a shopping mall is not when you want to be undercapitalized," he says.

Krieger also recommends that his retail clients conduct demographic market research. "You must know who your customer is," he says. He suggests that you survey your current customers to find out general information about them such as lifestyles, sex, age groups, income levels, and types of households.

"Most smaller retailers don't conduct that kind of demographic research," Krieger says. "They may have one or two stores that are doing OK, but if they knew who their customers were, they could go into the marketplace and focus on those people."

Knowing if you are a destination or an impulse retailer also determines what kind of shopping center you can go into, says Krieger. Enclosed shopping malls usually appeal to the impulse buyer, he says, while "strip" shopping centers, which have fewer stores and are generally located along major roads, attract customers who have a specific destination in mind. Specialty malls attract both types of buyers.

The next step is to find out about your competition. If you provide a service such as photo finishing or operate a flower shop, keep in mind that many of the anchor stores, especially in strip centers, may offer similar services, says Krieger. "Determine what sets you apart from

your competition," he says, "and capitalize on that."

Understanding the lease is critical, says Krieger. "Get a lawyer or a good broker who understands the retail marketplace and can negotiate the best terms for you."

Krieger says the lease can "have an incredible impact on your economics." If the lease calls for operating hours on days that you know you won't make money, regardless of the mall you are in, you must decide: "Are you going to negotiate that out of the lease, find another center, or live with it?"

Other costs in a lease include rent, promotional funds, grand-opening fees, and common-area fees. "Don't be afraid of rent," says Krieger. "Rent is only a function of volume [sales]. If you can do the volume, then you can pay the rent." Rents vary widely, depending on the location.

Finally, Krieger advises, small retailers should know their strengths and weaknesses. "Understand what you are bringing to the center and what you are not," he says, "and negotiate hard based on your strengths."



# More people buy a Packard Bell computer than any other PC™ compatible.\*


## Why is that?

Could be that with so many systems to choose from, Packard Bell makes it easier for people to find the combination of features, capabilities, and price that's just right for them.

Could be that people appreciate having all the operating software factory-loaded...including Windows™. There's even a complete, graphic, interactive tutorial for those who have never used a computer before.

Packard Bell's dedication to providing

customer support to users all over the world probably has a lot to do with it. It just might be that someone they know has a Packard Bell computer and has raved about it. Just might be all of the above. Probably is. It's all why America's at work with Packard Bell.

**PACKARD BELL** 

*America grew up listening to us. It still does.*

9425 Canoga Avenue, Chatsworth, CA 91311

1-818-886-0400

System shown is the Packard Bell 486DX2/50



Los Angeles Toronto London Munich Milan Tokyo Amsterdam Paris Hong Kong Tel Aviv Madrid

\*Not affiliated with any former Bell System entity. The Intel Inside logo is a trademark of Intel Corp. © International Data Corp., 1991. Windows is a trademark of Microsoft Corp. PC is a registered trademark of IBM Corp.



## RETAILING

niche," says Krieger, "do it well, promote it effectively, and offer an excellent product for a great price." Hologram Land's products sell for as little as 27 cents and as much as \$500; Bead It items are available for an equally wide range of prices.

**E**li Safayan had a niche in mind four years ago when she opened her store—called Contrast—in the recently refurbished Union Station in Washington, D.C. She wanted to sell "small items to people who are coming and going, visiting family or friends, and need a little something to take with them." Contrast carries sleek, modern, and predominantly black and white gift items. "Sixty thousand people pass through the station every day," she says, "and I want that kind of customer access."

Safayan opened her store under the specialty-mall developer's minority-leasing program. Because major items such as electrical wiring, heating, and wall construction had been completed in her 400-square-foot location, her initial opening costs were held to \$30,000. "I had to paint the walls, put up fixtures, and cover

the floor," she says. Her annual sales are averaging \$230,000.

One of the biggest challenges to smaller retailers who locate in a shopping mall in another city is finding employees. Alessandra Scamardo says, "It's risky to go in and hire someone as a store manager whom you don't really know and don't



PHOTO: SPAL PETERS

**Customer access** is a boon for Eli Safayan's gift shop, Contrast, in Washington, D.C.'s Union Station.

have the time to know." She continued to own and operate her gallery in Arizona after opening her bead store in Minnesota.

Don Midkiff, CEO of Western Warehouse, in Albuquerque, N.M., agrees on the importance of staffing. Midkiff joined Western Warehouse, a family-owned Western apparel and gift retailer, last year after holding senior management positions with several retailing chains. "You never want to lose the entrepreneurial spirit of being involved in your business, but you must properly build the infrastructure that allows you to delegate some of the day-to-day operations as quickly as you can," he says.

Another point to bear in mind when locating in a mall is that it requires an entrepreneur to give up some control. "Because the mall was paying for our build-out, we were not as directly involved in the

final look of our store as we would have been if we were doing it on our own," says Hologram Land's Rickert.

For Scamardo, who also teaches bead making, one of the drawbacks of being in a mall is the requirement to be open during certain hours. "I can't just close early one day and hold bead-making classes in the back," she says.

Contrast's Safayan says her biggest challenge in opening her shop at Union Station was to learn patience. "Everything takes a lot longer to happen than you think," she says.

Whatever you do, advises Rickert, "stay true to yourself and believe in your vision, especially if your product is unusual and not understood by many people. Stay the course."



To order reprints of this article, see Page 78.

## ONLY MANAGEMENT RECRUITERS DELIVERS THIS

Nationwide coverage - 600 offices...

- 2,000 search specialists... we know **your** industry
- World's largest and most comprehensive candidate data base
- Over 25,000 successfully completed search assignments during 1991 alone

Personalized candidate relocation services...

- City to city cost of living comparisons
- Free financial and tax advice (rollovers of pension, 401(k), profit sharing)
- National interstate moving services at over 50% cost reduction
- Free guided tours and real estate orientation in new city
- National discount mortgage program for your new employees

Look in the white pages for the Management Recruiters office nearest you.



## For More Information

To learn more about locating in a shopping center or mall, contact Keith Foxe, public relations manager at the International Council of Shopping Centers, 665 Fifth Ave., New York, N.Y. 10022; (212) 421-8181, extension 344.

The council publishes *Leasing Opportunities 1993*, a comprehensive list of malls that are seeking tenants and tenants that are seeking malls. The publication also lists 1,400 shopping-mall developers offering assistance programs.

The guide is available from the International Council of Shopping Centers, at \$179.95 for members and \$219.95 for nonmembers.



# Family Business

Identifying "distinguishing characteristics"; making estate plans; looking for options.

## OBSERVATIONS

### Valuing A Family Firm's Uniqueness

By Sharon Nelton

Steven Grossman, president of Massachusetts Envelope Co., in Somerville, Mass., is a man who thinks a lot about what it means to be part of a successful family business. Recently, as a keynote speaker at the Family Firm Institute's annual meeting in Boston, he spoke from the heart, sharing some of his thoughts with accountants, lawyers, consultants, and others who serve family businesses.

Grossman, 46, is a partner with his

immediate steps to rebuild relationships with customers when things go wrong.

**Treating employees well.** "We treat our employees like customers. We treat our suppliers like customers, and we certainly treat our customers as if they were the most important people in our lives," says Grossman. The result, he says, is a work force of 95 employees with an "intense sense of loyalty" to the company. "They never leave," he says.

**Sweating the details.** "There is rarely, if ever, a time when one of the principals of the company—my father or myself—is not there watching over the business, there to handle complaints, handle problems, [determine] a difficult price, give a piece of advice," he says. Thus, he has never visited his parents at their vacation home in Nova Scotia because it would mean that neither principal would be at the business during that time. It's a policy, he says, that has "always served us well."

**Freedom.** Grossman is chairman of the Massachusetts Democratic Party and is deeply involved in charitable work. Depending on the year, he says, 30 percent to 70 percent of his time is spent on work not related directly to the business. Nowhere else but in a family business would he have had such freedom "to do as many things in communal life as I've done," he says.

In summing up, Grossman says that relationships are "the heart and soul of a successful family business." And in his view, the seven most important words are: "Thank you." "I'm sorry." "I love you."

"We never stop saying thank you to our customers [and] to our employees, because they are the reason we are as successful as we are," he explains. "I never stop saying I'm sorry when I make a mistake. . . . 'I'm sorry' covers a lot of ground and can take care of an awful lot of ills that otherwise can fester and create huge problems."

"And within our family," he says, "we never stop saying, 'I love you.'"

Think about your company's special attributes, and you'll appreciate it more.

Sharon Nelton



father, Edgar, 73. His mother and other family members are also active in the 82-year-old, third-generation company.

Family businesses possess "distinguishing characteristics" that set them apart from other companies, Grossman says.

And if you compare his list of special attributes with those of your own company, I bet you'll come to a new appreciation of your family business.

The characteristics that Grossman identifies in his company include:

**Speed.** "The ability to move quickly, I think, [is] a cardinal principle in running a family business," Grossman says. This means being able to make decisions and handle complaints quickly. Such nimbleness has enabled Grossman and his father to negotiate four acquisitions in 11 months, to establish a telemarketing department that now accounts for 20 percent of the company's business (around \$25 million in annual sales), and to take

## PLANNING

### The Fears Of Estate Planning

By John L. Ward and Craig E. Aronoff

*I'm not afraid of estate planning—if only I could plan to die the next day!*

Business owners sacrifice and struggle their whole lives to build their businesses. When successful, they create substantial wealth. Despite the courage and discipline required by their achievement, they often refuse to face the greatest threat to their accomplishment: death taxes.

It's more than "Uncle Sam" wanting as much as 50 percent of what you have. The real threat involves the survival of the family business, the welfare of those who depend on it, and the family's hopes to carry on the legacy.

Why do business owners fear estate planning when the consequences of neglecting it are so frightening? Why do they hate to discuss it with the people they love the most? We find several very understandable reasons:

■ **Facing mortality.** No one likes to consider mortality—especially entrepreneurs. These are people who live with passion, hope, and optimism. Their success came in part because they denied what "everyone" said was inevitable.

Entrepreneurs are action people, not planners. They like to spend time with customers and employees, not lawyers and accountants.

■ **Tipping your hand.** Business owners learn early two management principles: Keep your options open, and don't tell everyone your plans (so they don't have unnecessary reasons to object).

Unfortunately, these attitudes are readily attached to estate planning. What if the family's makeup changes through deaths, divorces, or disagreements? What if someone is offended or hurt by the estate plan's provisions? Will the plan change the family's behavior or the children's attitudes toward their parents? Will knowledge of an estate plan's provisions cause children to choose less constructive ways of living?

Many business owners feel that the risks connected to the many uncertainties before death outweigh the certainties of



death and taxes. As a consequence, making lifetime decisions and sharing the plans are perpetually deferred.

■ **Making uncomfortable decisions.** Estate planning inevitably raises very difficult questions, such as:

*Should I leave it all to my spouse?* Doing so defers taxes and gives the spouse maximum security and control. But many a business owner worries about burdening a spouse with decisions the owner has been reluctant to make. The responsibility for the future should be shared, not abdicated to the surviving spouse. Some fear that an aging, surviving spouse may inappropriately change

for that loss in some ways.

■ **Making irrevocable decisions.** The way to save the most tax dollars through estate planning is to give away your business assets as aggressively as possible. To earn that wonderful tax shelter, however, the gifts must be irrevocable—and virtually unconditional. It's easy enough to postpone uncomfortable, difficult decisions, let alone those that are irrevocable!

■ **Fearing disclosure.** Many more estate plans are drawn than disclosed to family members—for several reasons. Again, the subject of death is difficult to discuss. Business owners sometimes lack confidence that they can deal with mortality and the future of the family simultaneously and can adequately explain a complex estate plan. Moreover, they really don't want to see reactions from heirs or deal with questions or concerns.

■ **Clinging to privacy.** Many simply don't think estate planning is a proper topic for discussion with anyone in the family. It's just not the heirs' place to inquire or their right to know.

Though there are lots of understandable excuses for not planning and for not sharing your plans, the consequences can be costly, and the precedent set by failure to plan and communicate is terribly destructive over time.

When "secrecy" is the family's norm, we find members of the successor generation to be distrusting of each other and unable to plan as a group for themselves. Without the ability to coordinate ownership and estate plans, the members of the next generation are unable to plan for passing their parents' legacy to their children.

Like successor selection, confronting estate planning is a tremendous act of courage. Building a business and rearing a family are special achievements, but the work is unfinished without the planning and communication that allows the family's achievements and values to live on for the benefit of future generations and the community.

Please call your lawyer or tax accountant today.



John L. Ward, left, is the Ralph Marotta Professor of Private Enterprise at Loyola University Chicago. Craig E. Aronoff holds the Dinos Chair of Private Enterprise at Kennesaw State College in Marietta, Ga. Both are family-business consultants.

## How To Plan

Some of the elements of effective estate planning include:

■ Educating adult family members about the process and the issues.

■ Coordinating and sharing your plans with other stock-owning family members.

■ Addressing the next generation's estate plans immediately as well.

■ Getting a second professional opinion on your plans.

■ Reviewing your estate plans regularly with your advisers.

■ Sharing your intentions and plans fully with your (outside) board of directors.

the family's original intentions regarding business ownership or strategy.

*Who should serve as trustees?* Approaching friends or advisers to serve in this role is uncomfortable. Choosing a trustee among family seems so awkward, if not preferential or divisive. Imagining all of the consequences of any choice is bewildering.

*Should we anticipate the possibility of divorce?* Doing so seems so untrusting. Not doing so seems too naive.

*How can we define what's "fair"?* Does fairness among family members necessarily mean being absolutely equal? How do you recognize the contribution of some family members to the business's eventual value? Does even considering these questions create unnerving family conflict?

Tough decisions need to be made on who gets how much of the voting power. Should those leading the business have control? Should inactive family members have voting stock or any stock at all?

*How much spendable money can future generations handle, and at what age?* Business owners, by their nature and from their experience, fear the impact of passive income on their heirs. But they also want to share with their family the fruits of their labors. After all, family time was sacrificed to earn the money. Maybe passing it on can "make up" to the family

## Mark Your Calendar

### Jan. 15, Chicago

"Communicating Values in Business Families," featuring *Nation's Business* columnist Craig E. Aronoff, is a daylong program for members of the Loyola Family Business Forum. Call the Loyola University Chicago Family Business Center: (312) 604-5005.

### Jan. 19-20, Corvallis, Ore.

A "Succession-Survival Hands-on Retreat" takes participants through a series of practical exercises on succession planning. To be repeated March 2-3. Contact the Family Business Program at Oregon State University: (503) 737-3326.

### Feb. 23, Goshen, Ind.

"Passing the Torch: Transfer Strategies for Your Family Business," a seminar featuring Mike Cohn, author of a book by the same title. For members of the Goshen College Family Business Program. To inquire about membership, call (219) 535-7150.

### March 30, Spokane, Wash.

The Washington Business Succession Project offers a seminar on succession planning conducted by the staff of Oregon State University's Family Business Program. Participants must attend a follow-up program April 21-22. The two-part program is to be repeated in May. Call (503) 737-3326.

### June 9-11, Cleveland

"Managing Succession Without Conflict," a seminar led by family-business consultant Leon A. Danco. Contact the Center for Family Business, 5862 Mayfield Road, P.O. Box 24268, Cleveland, Ohio 44124; (216) 442-0800.

### How To Get Listed

This list of family-business events features national and regional programs that are open to the public. Send your item three months in advance to *Family Business*, *Nation's Business*, 1615 H Street, N.W., Washington, D.C. 20062-2000.



CASE STUDY

# Devastating Options

Although he is 72, Roger is just not ready to relinquish the reins of his third-generation, \$50 million textile company.

His two children, both in their 40s, are longtime key employees. Jane, the older child, has an MBA and is president of the manufacturing, wholesale, and distribution divisions. Her brother, Jeff, with a liberal arts degree, runs a small retail chain that the company acquired two years ago. The chain has yet to break even.

Roger points to his children's constant bickering and conflicting management styles, as well as the retail division's losses, as reasons to stay in charge. But his children, who each own 5 percent of the stock, feel their father's refusal to let go is the real problem.

Jane and Jeff are both competent. However, recognizing their own unwilling-



ILLUSTRATION: DAVID CHEN

ness to report to each other if one were chosen as chief executive, they recently developed a sophisticated plan to split the company in half. The plan would give Jane control of manufacturing, wholesaling, and half of distribution, and Jeff would get control of the retail chain and the remaining half of the distribution business.

Both Roger and the outside board rejected the plan, claiming that lost synergy would cost the company millions of dollars annually. The split entities, they reasoned, would no longer be able to share research or distribution. In addition, each organization would have to refinance the company's debt at much higher interest rates.

In fact, the board recommends firing Jane and Jeff, hiring an outside chief executive, and keeping the company intact. Keeping the business in the family has been Roger's lifelong dream. Splitting the company is as devastating an option as firing his kids. Is there another way?



PHOTO: MICHAEL ROYBARD

## Look At What The Business Needs

*Leslie Dazew Isaacs, a partner in Atlanta's Family Business Institute and an associate of the Bork Institute for Family Business, in Aspen, Colo.*

Roger must recognize that the children may not be able to fulfill his dream. But the legacy of his business success can continue if he preserves it.

The first step is to explore a series of questions to clarify the legacy, the needs of the business, and the resources available to manage it. This process should include key stakeholders (Roger, the children, other key managers) and objective outsiders (for example, an adviser, mature board members, and/or a family-business consultant).

The key questions are:

- What are the critical factors that have contributed to the success of the business? Include everything from the values that guide the business to the condition of the plant and equipment.
- What is the strategic vision for the next five to 10 years? What new directions can be fruitful, and what past critical success factors can continue to contribute to the firm's health?
- What leadership competencies does the business require? After the company's needs and direction have been examined, these questions about Jeff and Jane can be discussed:
- What knowledge, skills, perspectives, and attitudes do they bring to the business, and how do these compare with the needs identified?

■ To what roles would Jane and Jeff be most suited? Would a CEO brought in from outside the company serve the business better, and could he or she work with the children?

■ If the answers to these questions indicate that Jeff and Jane have talents to contribute as employees (apart from being owners), then are they willing to be team players—that is, to learn to work together and with other key stakeholders? Their joint efforts to create a new structure suggest that they can learn to collaborate.



PHOTO: STEVE SCHULZ-BLACK STAR

## Jeff And Jane Are Facing Reality

*James I. Herbert, president of James I. Herbert and Associates, a management-consulting firm in Wolcott, Conn.*

Three factors stand out here. First is that a 72-year-old owner should have a succession plan. Waiting for divine intervention rarely works.

Second, Jeff's performance doesn't seem to equal his sister's, yet this issue isn't being addressed. Retreating from reality is often more dangerous than waiting for miracles.

Third, and a source for hope, is that Jeff and Jane have come up with a plan, even though it is not acceptable to Roger or the board.

Jane and Jeff have confronted reality and demonstrated that they have the ability to deal with their problems. They recognize they cannot work together.

However, they need to be even more realistic and recognize that they are not equally capable.

With the advice and commitment of the board, Jane should be elevated to the level of CEO. Jeff should be given a position where he can prosper, or embark on a training program to prepare him for a future position.

In addition, Jeff and Jane need to participate in shared activities (in or out of the company) where they can succeed as a team. This could include forming a family foundation with a defined mission and policy. Then they could bicker in private without others interfering, and without any great consequences. Focusing on helping others through the foundation might help them learn to cooperate.

One caveat: The vote of the board to keep the company intact and the recommendation to fire the children hobbles efforts to arrive at creative solutions to Roger's dilemma. The family may need to replace the board with one that can better help Roger balance his business and family dreams with reality.

This is one of a series of case studies of family-business dilemmas, commented on by members of the Family Firm Institute and edited by Mike Cohn, president of The Cohn Financial Group, Inc., in Phoenix. The cases are real, but identities have been changed to protect the privacy of the individuals involved. The authors' opinions do not necessarily reflect the views of the institute. Copyright © by the Family Firm Institute, Brookline, Mass.



## Take Charge of Your Business and Boost Your Sales and Profits

Help Your Employees Give the Service That Creates Satisfied Customers *Every Time*



VHS only. Running time 45 minutes. Includes companion audiocassette and workbook.  
**\$95.00** plus \$6.00 shipping/handling

### THE POWER OF CUSTOMER SERVICE

Let famed Customer Service expert, Dr. Paul Timm, give you the inside track on the do's and don'ts of dealing with customer service (skills that benefit the customer *and* the employee!). This "how-to-do-it" program details:

- The three C's of customer service success—Concern, Communication, and Competence.
  - Why customers become dissatisfied and how you can turn them around.
  - How to deal with customers courteously and successfully even when you're under pressure.
- This program can be the key to building successful, repeat business. Improve the power of *your* customer service!

Identify and Correct The Career-Threatening Mistakes You May Not Realize You're Making

### THE 22 BIGGEST MISTAKES MANAGERS MAKE AND HOW TO CORRECT THEM

Learn from the mistakes of other managers! Listen to dramatic real-life scenarios that let you hear what was said or done...along with how to avoid these costly blunders that hurt careers and impede profits. These acclaimed audiotapes show you how to inspire maximum effort and loyalty from everyone reporting to you...avoid getting bogged down in detail...defuse anger and win people to your side. Fine tune your management skills!

4 audiocassettes and guidebook.  
**\$59.95** plus \$6.00 shipping/handling



### Proven Techniques For Getting Results Through Others HOW TO SUPERVISE PEOPLE

Build leadership skills—including team building, delegation, and coping with conflict—that will make you the supervisor you need to be. This unique course is based on the bestselling book, *The Supervisor's Handbook*.



VHS only. Running time 42 minutes. Includes companion audiocassette and Supervisor's Handbook.  
**\$95.00** plus \$6.00 shipping/handling

Eliminate Start-Up Risks and Achieve Your Goals and Desires

### HOW TO START AND MANAGE YOUR BUSINESS FOR SUCCESS

Build a winning business plan and obtain the cash you need. Discover the management information you need to succeed. Build a solid foundation by learning advantages and disadvantages of such critical functions as working capital, debt to equity, and other helpful ratios.



VHS only. Running time 77 minutes. Includes 8-page guidebook.  
**\$49.95** plus \$4.00 shipping/handling

Become a Confident, Successful Communicator

### BUSINESS WRITING: The Power Training Method

If you have trouble getting started, saying what you want, getting to the point, or generating the action you desire, you need this easy-to-follow system for business writing. Developed by experts to help you improve your letters, memos, and reports almost from the minute you start.



4 audiocassettes, 108-page workbook, 40-page Grammar Guide.  
**\$79.95** plus \$7.00 shipping/handling

### An Achiever's Guide to Time Management HOW TO GET THINGS DONE

A fresh look at eliminating procrastination, coping with meetings and calls, learning how to say NO, setting meaningful goals, delegating without worrying, and gaining control of your life—at work and at home.



VHS only. Running time 48 minutes. Includes companion audiocassette and book.  
**\$95.00** plus \$6.00 shipping/handling

ORDER NOW! CALL TOLL-FREE **1-800-253-6000**



**160 FORMS  
AND DOCUMENTS  
FOR EVERY PHASE  
OF PERSONNEL  
MANAGEMENT**

## PERSONNEL ReadyWorks

Ready to use...on computer disk!

## PERSONNEL READYWORKS

Personnel management is one of the most sensitive areas in business: hiring and discipline problems, health and safety, government regulations, to name a few. Now there's help. For a fraction of the cost (and time) of preparing your own forms, this powerful book/disk combination provides easily customizable documents for all areas of personnel management: policies, benefits, disciplinary forms, hiring and termination procedures, essential record keeping forms, and more. Help your company run smoothly—avoid costly mistakes and possible lawsuits with this remarkable resource.

370-page book (160 forms) and computer disk (IBM 5-1/4, IBM 3-1/2, MAC)

**\$119.95**  
plus \$6.00 shipping/handling



Add New Sales...Right Away!

## 38 PROVEN WAYS TO CLOSE THAT SALE!



Some people can grab a customer's interest...but come up short when it's time to close. This information-packed video will help you read your prospects, pinpoint their needs—sometimes before they know them—and close transactions confidently. Overcome every objection whether you're on the retail floor, the road, or a high-rise office. Learn how to land the big ones!

VHS only. Running time 87 minutes.

**\$79.95** plus \$5.00 shipping/handling

ORDER NOW! CALL TOLL-FREE **1-800-253-6000**

Now On Computer Disk!

## LEGAL LETTERWORKS

### 165 LEGAL FORMS AND AGREEMENTS

Count the times you've needed a legal form: a will, partnership or corporation papers, brokerage agreement, real estate lease, contract for sale of goods. Now you can save money on legal fees and avoid time-consuming, deal-killing delays. Just call up the form you want on your computer, fill in the blanks, and print out a completed form.

452-page book (165 legal forms) and computer disk (IBM 5-1/4, IBM 3-1/2, MAC)

**\$79.95**  
plus \$6.00 s/h

## SALES LETTERWORKS

### 300 EXPERT LETTERS THAT GENERATE SALES AND PROFITS

No matter what your business is or who you're trying to convince, SALES LetterWorks has the perfect letter for virtually every selling situation. Call up custom crafted letters on your computer that cover every aspect of selling: creating repeat business, door openers, lead generators, customer relations, responses to objections, collections.

372-page book (308 letters) and computer disk (IBM 5-1/4, IBM 3-1/2, MAC)

**\$79.95**  
plus \$6.00 s/h

## LETTERWORKS

### 400 PROFESSIONALLY-WRITTEN LETTERS TO COVER ALL AREAS OF YOUR BUSINESS

If you've ever struggled to tell an employee you're unhappy with his performance, apologize for an employee's rudeness, make an inquiry to a venture capital firm, or any number of other situations...then LETTERWORKS will simplify your life! You can call up letters from advertising, to dealing with suppliers, to internal communications.

470-page book (400 letters) and computer disk (IBM 5-1/4, IBM 3-1/2, MAC)

**\$79.95**  
plus \$6.00 s/h



Works with  
ALL IBM  
Compatible  
& Macintosh  
Word  
Processors

## Nation'sBusiness® Order Form

Send to: Circulation Dept., 1615 H St., NW, Wash. D.C. 20062-2000

ORDER TOLL-FREE **1-800-253-6000**  
OR FAX **1-202-463-5636**

### Method of Payment

- ☐ Check or money order enclosed  
☐ Bill my credit card:  
☐ VISA ☐ MasterCard ☐ American Express

Card # \_\_\_\_\_

Exp. Date \_\_\_\_\_

Signature \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_

State \_\_\_\_\_

Zip \_\_\_\_\_

QTY	NAME OF PRODUCT	UNIT PRICE	S/H COST	TOTAL PRICE
	Power of Customer Service	\$95.00	\$6.00	
	How To Supervise People	\$95.00	\$6.00	
	How To Get Things Done	\$95.00	\$6.00	
	Start & Manage Your Business	\$49.95	\$4.00	
	22 Biggest Mistakes	\$59.95	\$6.00	
	Business Writing	\$79.95	\$7.00	
	38 Proven Ways	\$79.95	\$5.00	
	Personnel Readyworks <input type="checkbox"/> IBM 5-1/4 <input type="checkbox"/> IBM 3-1/2 <input type="checkbox"/> MAC	\$119.95	\$6.00	
	Legal LetterWorks <input type="checkbox"/> IBM 5-1/4 <input type="checkbox"/> IBM 3-1/2 <input type="checkbox"/> MAC	\$79.95	\$6.00	
	Sales LetterWorks <input type="checkbox"/> IBM 5-1/4 <input type="checkbox"/> IBM 3-1/2 <input type="checkbox"/> MAC	\$79.95	\$6.00	
	LetterWorks <input type="checkbox"/> IBM 5-1/4 <input type="checkbox"/> IBM 3-1/2 <input type="checkbox"/> MAC	\$79.95	\$6.00	
	SUB-TOTAL			
	CA & D.C. SALES TAX			
	TOTAL			

NB1292

Your Order Is 100% SATISFACTION GUARANTEED or Your Money Back



## MARKETING

# New Ideas Get A Sporting Chance

By Glen Macnow

In a world searching for better ideas, Michael Mansfield hopes he has a winner.

Mansfield, a self-described fitness buff from Fort Myers, Fla., became increasingly concerned a few years ago that while he was out jogging, the rest of the world had turned to sedentary video games.

"Something had to be done to make exercise more exciting for people," says Mansfield, an electronics technician. "So I put myself on a mission from the god of fitness."

The result of that eight-year mission is Joyride, a combination video game/aerobic exerciser that essentially turns the player into a tumbling human joystick. By rotating the torso, swinging the arms, and swaying the hips, a good player can burn about eight calories a minute—and shoot down an equal number of enemy jets, say, in one of its many games.

When it was unveiled in 1991, Mansfield's contraption became one of the estimated 5,000 new sports and recreation products that enter the market in a typical year. But even though the industry is thriving—sales are about \$31 billion a year—the odds are against the new entrants. For every successful new product—such as in-line roller skates, which launched the sport of rollerblading—there are dozens of well-intentioned flops: from exercise machines that evoke medieval torture devices to stylish bowling shoes.

Nonetheless, "this is still a business where the basement inventor can design a new product that hits a home run," says John Riddle, president of the Sporting Goods Manufacturers Association, in North Palm Beach, Fla. "Having a good idea is 10 percent of the trick, albeit no easy feat. The other 90 percent is in getting enough capital behind your product and marketing it correctly. A little luck never hurts, either."

Glen Macnow is a sports-business writer for The Philadelphia Inquirer.



PHOTO: BRIAN SMITH

Joyride inventor Michael Mansfield on a mission for fitness.

Nor does proper timing. As the U.S. economy has languished over the past two years, high-cost sports such as skiing and boating have suffered. New goods in those areas have come and gone like so many blips on a radar screen. But in the fastest-growing areas—camping, tennis, and all types of personal fitness—many new products are meeting success, and many of them are based on incredibly simple ideas.

Consider, for example, The Step, a \$99.95 piece of plastic that resembles, well, a step. The product was introduced less than four years ago at an Atlanta health club where fitness instructor Jin

About 5,000 new sports and recreation products are unveiled each year—and some survive.

Miller had designed a series of aerobic exercises that required climbing on and off wooden boxes.

"The exercises were popular, but the wood boxes were dangerous, cumbersome, and unattractive," recalls Rich Boggs, president of Sports Step Inc., an Atlanta firm that manufactures The Step. "We actually got the idea for a plastic step by looking at a child's Lego blocks," he says, and The Step was "an immediate hit."

How big a hit? Boggs' company sold \$8 million worth of The Step in 1990 and \$19 million in 1991. This year, he expects sales approaching \$40 million.

Why would anyone spend \$100 on a plastic aerobics platform (and its accompanying video) when any big-city phone book would do the trick? "Well, a phone book can slide, you'll twist your ankle, and the X-rays will cost well over \$100," says Boggs. "Plus, our product adjusts in height, allowing you to do knee raises, choreography, and a whole lot more that you can't do with a phone book."

In launching The Step, Boggs signed a deal with Reebok, allowing the giant footwear company to stamp its name—for a hefty fee—on Boggs' products that were sold at health clubs. Reebok eventually introduced its own version of a step, leading to ongoing suits and countersuits over allegations of trademark and patent infringements. Jin Miller now works full time for Reebok, teaching step exercises and promoting that company's equipment.

Legal battles aside, the big-company-funds-small-company formula that set up The Step is the prototypical success story. Most entrepreneurs are not short on bright ideas—they're just low on cash. So, many of them try to sell or license their great notions to the giant firms that dominate the sporting-goods industry.

"Can a small business retain and market its own idea? Yes, but obviously, it's very difficult," says Riddle. "The bulk of



PHOTO: MICHAEL A. SCHWARTZ

The Step is a multimillion-dollar hit for Rich Boggs' firm.



people need a partner, a venture capitalist, or a marketing expert. And the big companies are always ready to buy new ideas."

The biggest push to market new ideas comes every February in Atlanta at the aptly named Super Show, a convention of 90,000 sellers and buyers of sports equipment. Among the 600,000 square feet of high-tech sneakers and low-tech workout machines is an entire convention hall dedicated to new products.

If sporting goods, as they say, represent the toy department of life, then the New Products Show—part of the Super Show—is the place to be shopping. Consider the 1992 show, for example, where more than 2,000 "better mousetraps" were introduced.

There were copycats and gimmicks, but also many new and unusual products, some of which may even find their way into your home. Like Volleybird, a knockoff of a Brazilian beach game that uses a feathered toy to mix volleyball and badminton. And Kool-it, a sweatband with a reusable ice strip built in. There was also USA Products' Roger Clemens instructional baseball, which has color-coded fingerprints telling you where to grip the ball for a fastball, curve, or slider.

Some of the inventions seemed born of necessity. Consider, for example, TecSyn International's artificial turf for golf courses, which comes in separate blade lengths for green, fairway, and rough. The idea may seem an abomination to purists who are attracted to golf because it provides a rare chance to commune with nature. But in California, where relentless drought has given rise to laws against watering municipal courses, it may be a needed alternative.

The New Products Show is held in a garage-sale environment, with aspiring entrepreneurs keeping one eye out for the main chance. Their dream is that a buyer from a sporting-goods chain such as Herman's or a bigwig from sports-equipment manufacturer like Spalding will wander by, discover their product, and turn it into the Hula-Hoop of the '90s.

Such was Mansfield's dream when he entered Joyride in the 1991 show and, later, in the Invention Convention in Pasadena, Calif. Mansfield's contrivance attracted large crowds of admirers who ate ice cream while he sweated out the calories. But it also attracted just 11 customers and no well-heeled investors.

With \$40,000 of his own savings and \$20,000 from friends, Mansfield is now trying to make it on his own. His surveys of prospective buyers found that people

liked the Joyride but were scared off by its \$1,700 price tag. So Mansfield has worked to simplify the product, bringing its price down to \$800. And he has located a lawn-mower factory, Encore Manufacturing of Beatrice, Ohio, that could build it for him at a cost he could afford.

The next step is marketing. Mansfield is scheduled to appear on a Disney Channel cable television show called "Why Didn't I Think of That?" And he has hired an agency to help him film a TV commercial, which is expected to be running soon during late-night movies, right after those spots for bass lures and vegetable slicers.

and began a cottage business by selling to other hockey players. Meanwhile, he continued to tinker with the product, refining the wheels and ball bearings to create a faster, smoother ride.

In 1983, Olson quit pro hockey, bought up the existing patents, and launched the company that eventually became Rollerblade Inc. Soon, the national craze of in-line skating—whose aficionados now range from Marilyn Quayle to decathlete Dave Johnson—took off. This year, sales of all brands of in-line skates are expected to top \$120 million.

But it wasn't always a bonanza. "Our seed money was a couple of hundred dollars," Olson recalls. "In the early days, we went month to month. Whatever we sold went back into the business."

Sales took off when Olson persuaded famed Olympic hockey coach Herb Brooks to endorse the skates for a small royalty. Also, he hired friends to go west and hand out the product—for free—to the trendy roller skaters populating California beaches. From such environs are national fads born, and Rollerblades soon came to be regarded as a chic form of exercise.

The business boomed, but its growth wasn't as smooth as its ride. In 1985, Olson was forced out of Rollerblades Inc. in a business dispute. He went on to found Switch-it, selling skates that have interchangeable ice and in-line blades. Like many entrepreneurs, however, he discovered that he enjoyed creating ideas and launching them but was bored by the day-to-day management of a successful business. So in 1990, he sold a 50 percent interest in that company, and he moved on.











Olson has started two new firms. Nuskate Inc. is direct-marketing a product that marries in-line skates to a cross-country ski track exerciser. And O.S. Designs will sell 10 of Olson's inventions, including a \$125 lightweight golf bag with wheels and a built-in pull handle.

"I don't have a background in physics or industrial design," says Olson. "I can't really draw, so I rely on engineers or designers to take things to the next step. But I like to keep designing new products, developing them, and starting up new companies. That I can do well."

"The thing I tell people is that before they go on the market, they need to get a presentable product and test-market it. Take it out and show it. Hockey players were my first market, and they helped me improve my product. Then, the skaters in California helped me sell it. You can't just come up with a great idea and expect customers to come looking for you. You've got to find them."

## Trends In The Business Of Having Fun

### Wholesale Shipments Of Sports/Recreation Equipment

	1988	1989	1990	1991	Percentage Of Growth (1988 To 1991)
 Roller/In-Line Skates	\$ 65	\$ 75	\$ 95	\$ 185	184
 Volleyball	46	55	65	75	63
 Billiards	113	130	142	156	38
 Exercise	848	930	1,070	1,155	36
 Camping	795	823	993	1,065	33
 Ice Skates/Hockey	85	90	110	113	32
 Tennis	250	290	315	328	26
 Archery	170	193	195	210	24
 Basketball	95	100	110	117	23
 Golf	1,160	1,350	1,400	1,400	21

Source: Annual Recreation Market Report of the Sporting Goods Manufacturers Association

CHART: ALBERTO PACHECO

"If I can sell one machine every four times the commercial runs, I'll be ahead," says Mansfield. He admits the prospect of trying to make it on his own is a bit daunting, but he quickly adds, "I honestly believe that once we expose the product, people will buy it."

If Mansfield needs a hero, he can find one in Scott Olson. Now just 32 years old, Olson began his path toward becoming a multimillionaire as a Bloomington, Minn., teenager by divining a simple idea: ice skates that work without ice.

In truth, Olson took an existing idea and improved it. One day, when he was a 19-year-old goaltender with a minor-league hockey team, he stumbled across a pair of roller skates on which the wheels were arranged in a single row, rather than in four corners. The skates were slow and clumsy, but they gave Olson a feeling of skating on ice that traditional roller skates couldn't match. They worked even better when he unscrewed the wheels from the flimsy boot and attached them to some of his own skate boots.

Olson located the manufacturer, who had stopped making the product. He bought up most of the back stock, transferred the blades onto good skate boots,



## MANAGING

# You Need Not Be Big To Benchmark

By Howard Rothman

**F**or more than 30 years, Seitz Corp. of Torrington, Conn., made all the right moves. The family-owned business, founded in 1949, grew from a garage-based tool shop into a major supplier of the gears and bearings that move paper in office machines such as copiers and printers. When the personal-computer boom sent demand soaring for personal printers, Seitz signed a contract to provide components for all of Wang's new dot-matrix models. By 1980, employment had hit 250, and annual sales had reached \$12 million.

But the good times soon became hard times. Laser printers dropped in price and grew in popularity; what was left of the dot-matrix industry moved offshore. Seitz hadn't expected the changes. By 1986, it had to lay off all but 80 employees as sales dipped to \$5 million.

Facing still greater losses, says mar-

keting manager Sharon LeGault, the company embarked on a major overhaul. It examined the best applicable business practices developed by top companies around the U.S.—no matter what their field—after first identifying the firms and their proven procedures through a formal process known as benchmarking. The company then adopted several of the practices it had examined, including one to decrease new-product time-to-market cycles and another to increase “just-in-time” deliveries from its suppliers and thus cut back on its inventories.

With these and other improvements in place, Seitz's sales began to grow by 25 to 30 percent each year. For 1992, Seitz expects annual revenue to hit a record \$21 million; employment has climbed back to 190. Says LeGault: “We attribute all of that to benchmarking.”

Defined by Xerox Corp. as “the contin-

*Measuring your products and practices against those of your strongest competitor fits in with Total Quality Management programs.*

uous process of measuring products, services, and practices against the toughest competitors or those companies recognized as industry leaders,” benchmarking has become a common component of the many Total Quality Management programs adopted by large companies since benchmarking was introduced to the U.S.—by Xerox—in 1979.

While generally aware of the concept, small businesses often shy away from benchmarking because their owners believe that the direct expenditures and employee commitment required will prove too costly. Seitz and a growing number of others, however, insist such fears are misguided.

“Benchmarking is appropriate for any company—small or large,” says Michael J. Spendolini, a Laguna Beach, Calif., consultant and author of *The Benchmarking Book* (Amacom). Small businesses do face unique disadvantages when it comes to benchmarking, he concedes, but they often have an easier time integrating any new ideas and processes they uncover than do larger companies bogged down in bureaucracy and red tape.

Benchmarking combines internal analyses with external studies—followed by the implementation of all appropriate practices that are uncovered. Bill Helming, a director with the consulting firm of Pittiglio Rabin Todd & McGrath, in Weston, Mass., says the benefit-to-cost return realized through benchmarking is “usually 10-to-1.” He adds: “You cannot afford not to change.”

Sharon LeGault says that by studying other businesses, Seitz decreased its time-to-market cycle to between two and four weeks; it had been eight to 10 weeks. At the same time, it boosted just-in-time deliveries—and thus reduced inventories—enough to effectively increase floor space by 30 percent.

The benchmarking process proved equally effective for the Harvard Community Health Plan's network of for-profit health centers in eastern Massachusetts and parts of Rhode Island and New Hampshire. The health centers had been functioning like 14 separate companies rather than one cohesive organization, says Rita Menitoff, administrator of the 170-employee Watertown Health Center, in Watertown, Mass., near Boston.

Her facility, serving 16,000 members, was like the others, she says, in that it was



PHOTO: STUM SCHULZ—BLACK STAR

Benchmarking spurred sales at the Seitz Corp., says marketing manager Sharon LeGault, shown with employees Paul Dubreuil, Dave Yenkelun, and Bob Garfield.



unaware of the creative and effective ideas being developed at the other centers. Menitoff and her colleagues decided to correct this problem through "internal benchmarking," which involved studying systems in all of the centers for possible use throughout the organization. A half-dozen practices have been identified so far, she says, and one—an improved method for transferring patient information from physician to pharmacist that was developed by one center's pharmacy—has now been used successfully by all of the centers for over a year.

**T**here are hurdles confronting businesses that want to benchmark, of course. One is convincing dubious managers and line workers alike of the potential benefits of such a program. Watertown's Menitoff, for example, says that Harvard Plan officials initially were skeptical even of examining ideas their own employees had developed and put into practice. When the target for benchmarking is a competitor or a company in an entirely different field, the reluctance can prove far stronger.

Another difficulty is convincing larger target firms that they, too, will benefit from the process. Consultant Spendolini says it can be helpful to offer something useful in return, like a report on the information eventually uncovered or a reciprocal exchange of internal data. Such an exchange, he adds, need not involve like-for-like; a firm seeking ways to improve distribution, for example, might offer details on its own technical documentation system in return.

Spendolini also suggests that those who decide on benchmarking draw up an explicit mission statement explaining why improvements are needed in a procedure and what kinds of improvements are sought. Then, document the firm's procedures so you can make comparisons.

Perhaps the greatest stumbling block to benchmarking is the inability of small businesses to easily identify and contact appropriate best-practice companies around the U.S. You can uncover such candidates, Spendolini says, through literature searches, the use of consultants and clearinghouses, and your contacts in other companies, including those in other industries or in other states.

Build a network of possible benchmarking partners, screen them by telephone to see if they meet the qualifications you have set; if they do, ask if they will participate with you.

Specialized group consulting firms that can help in benchmarking include the Utility Management Services Group, founded three years ago and based in both Austin, Texas, and Madison, N.J. The firm benchmarks the electric utility industry and then offers the data it amasses to clients such as Florida Power & Light

and Louisville Gas & Electric. John Chevreton, principal and vice president, says the firm studies some 20 companies for six months and then gives clients "immediately actionable ideas."

Organizations such as the National Center for Manufacturing Science (NCMS) offer yet another option. In 1992, NCMS, based in Ann Arbor, Mich., began providing benchmarking tools for its 150 members—a "substantial" number of which are small firms, says Tony Durham, manager of NCMS's management practices strategic initiative group. Members can make use of a library, a computer bulletin board, and regular updates from more than 1,000 relevant databases.

Many businesses, however, find the cost of joining such clearinghouses prohibitive; several charge \$6,000 to \$10,000. For such businesses, direct contacts with companies sharing some type of common bond often prove the best way to locate firms willing to share their expertise.


That approach works for Helix Technology Corp., in Mansfield, Mass., says Steve Mayer, a senior analyst and chairman of the company's benchmarking program. "Networking seems to be our

solution," says Mayer, who has used it to develop benchmarking relationships—one with a major corporation that is a supplier to Helix, another with a small firm that he learned about through a software-users group.

Helix, which supplies the semiconductor industry with devices that create contamination-free environments for precision assemblies, is now in the early stages of a pilot benchmarking program it created through such contacts.

It can be difficult to implement, "especially for a small company that has limited resources, and it takes a lot of digging to find the right information," Mayer says. But Helix is pressing ahead with a quality effort, he says, "and from the start, we recognized that benchmarking was a concept that we could use."

*Howard Rothman is co-author, with Mary Scott, of Companies With A Conscience: Intimate Portraits of Twelve Firms That Make A Difference (Birch Lane Press).*

 To order reprints of this article, see Page 78.

## Seminar Dates

Six new series of seminars on quality management will be televised via satellite by the U.S. Chamber of Commerce from February through July across the country.

Here are the seminar dates and topics in each series.

### Small-Business Management

- March 25:** Personnel Management: Hiring, Firing and Counseling Employees
- April 1:** Basic Financial Management: Venture Capital, Budgeting and Accounting
- April 22:** Employee Benefits: Flexible Fringe Benefits Programs
- May 12:** Business Owners Insurance: Liability, Fire, Theft and Health
- June 10:** Business Start-ups

### Implementing Quality Management

- Feb. 4:** Getting Started in Quality Management: Fundamentals of Implementation
- Feb. 17:** Benchmarking
- Feb. 26:** Latest Trends in Quality Management
- March 4:** Recognition, Rewards and Incentives Programs
- April 8:** Business Process Redesign
- April 15:** Quality Strategic Planning
- May 6:** Training and Managing Teams for Process Improvement
- May 19:** Establishing Vision and Mission

**June 3:** Implementing Quality Management with the Deming Method

### National Issues

- Jan. 27:** Workers' Compensation
- Feb. 10:** North American Free Trade Agreement
- March 4:** Human Interactions: Employees With Disabilities (Americans with Disabilities Act)
- March 18:** Physical Accessibility: Removing Barriers and Ensuring Accommodation
- April 29:** ISO 9000

### Quality Management In Government

- May 27:** Total Quality Management in Government
- June 17:** Measuring Quality in the Public Sector

### Quality Management In Health Care Organizations

- June 24:** Successful Tools, Concepts and Methods of Quality Management in Health Care Organizations
- June 30:** Planning and Implementing Quality Management in the Health Services Organization

### Quality Management In The Legal Professions

- July 14:** Implementing Quality Management in the Legal Professions

For more information about the seminars, call the U.S. Chamber's Quality Learning Services Division at (202) 463-5570.



## REGULATION

# Deep Trouble For Gas Stations

By David Warner

**A** tough new federal law is expected to cause a sharp decline in the number of U.S. gasoline stations over the next six years. The U.S. Environmental Protection Agency (EPA) estimates that 53 percent of the approximately 80,000 rural gas stations—and 25 percent of the 200,000 stations nationwide—will close by the end of 1998 because of new federal regulations affecting underground storage tanks.

"We are very concerned" about station closures, says Sammy Ng, a branch chief with the EPA's Office of Underground Storage Tanks. "Given the mandate we got from Congress, we have done everything we could to make the regulations as flexible as possible to minimize the impacts." But Ng says the EPA also had to protect the environment and public health from fuel leaks into ground water and soil.

Among the business owners expected to close stations over the next six years is Bruce Chiles, president and chief executive officer of Chiles Oil Co., in Pulaski, Tenn. He operates or supplies petroleum products to 24 stations, and he says he expects to close half of them as a result of the regulations, which require the upgrading of the underground-storage-tank (UST) systems. The systems include the tanks and underground pipes.

Chiles, who owns all of the UST systems at the 24 stations and is responsible for upgrading them, already has removed some tanks and has made plans to remove others, he says. "We just cannot justify the expense of upgrading the tanks."

One of the systems that Chiles will eliminate is at Howard's Grocery in Minor Hill, Tenn. Store owner William A. Howard says 40 percent of his business is selling gas, and when that ceases, he expects his grocery business to suffer. Howard, who has operated the gas-and-grocery store since 1952, says the gas service "brings traffic. You stop traffic, you stop business."

The legislative provision that spawned the UST regulations was included in the Resource Conservation and Recovery Act of 1984. Sponsors of the legislation said that fuel leaking from underground tanks was causing widespread contamination of ground water and soil, posing health and safety risks. Without controls, they said, the problem would intensify as more and more tanks eroded. The regulations issued by the EPA became effective in



PHOTO: GUY FRAZER

**His grocery store will lose business, says William Howard, left, when Bruce Chiles has to shut down its gas pumps.**

December 1988 and are being phased in through 1998.

The UST regulations mandate, among other things, that by Dec. 22, 1998, all underground tanks must have corrosion protection, devices to prevent overfilling and spills, and leak-detection devices.

The rules also require that certain records be kept and that owners and operators of USTs have \$1 million available in some way—such as through insurance—to clean any contamination from leaking tanks or pipes. Nonmarketers of petroleum who have their own tanks, such as car dealerships and car-rental agencies, must have \$500,000 available.

Chiles estimates the cost to upgrade his UST systems is \$15,000 to \$20,000 per 8,000-gallon tank. A typical gas station has two or three tanks.

The Petroleum Marketers Association of America (PMAA), in Washington, D.C., says a recent survey of its 11,000 member companies found that the average 1991 expenditure for complying with the UST regulations was over \$96,000. The same survey found that companies closed more than one-fourth of their stations from 1989 to 1992 rather than incur the expense

*Federal environmental rules for underground gasoline tanks could cause the closing of thousands of gas stations.*

of upgrading. PMAA members own nearly 50,000 gas stations and sell about 50 percent of the country's petroleum products.

"The whole area of UST regulatory compliance is a tremendous [burden] on a lot of people," says David Morehead, a vice president of the marketers' association. "It's a big expense, especially for those marginal stations that are just making it." Many stations in heavily populated areas will be able to manage the costs of upgrading their tanks because of the volume of business they do, Morehead says, but in rural, less-populated areas "there are some real concerns about station closures."

Ng of the EPA says the agency is trying to lessen the burden on UST owners and operators through nonregulatory measures, such as being flexible on cleanup requirements.

But the costs of upgrading tanks, not of cleaning up leaks, is the expense many UST owners find too burdensome and costly. Moreover, petroleum marketers are finding it difficult to obtain financing for making UST system improvements, according to the petroleum marketers' association. In a weak economy, many banks refuse to make loans to such businesses with low profit margins.

Another headache for some UST owners and operators is that the federal regulations do not pre-empt more-stringent regulations adopted by some states.

In Florida, for example, the state Department of Environmental Regulation adopted its own UST regulations and is about to change those rules for the third time since 1989. For John S. Maassen III, president of Maassen Oil Co., in Arcadia, Fla., the constant changes have meant digging up and replacing the tanks and pipes at his six outlets, an exercise that has cost his petroleum marketing company nearly \$250,000 in the past three years. Maassen says of the Department of Environmental Regulation: "Their next rule change could wipe us out."

## Tell Us Your Story

If your company or organization has had experience with troublesome or unduly burdensome regulations, send details to Regulations, *Nation's Business*, 1615 H Street, N.W., Washington, D.C. 20062-2000.



# To Your Health

*Managing well includes managing your own health; here is advice to help you do that better.*

By Marcia J. Pear

## Varicose Veins

Healthy veins are like perfectly engineered highways, carrying blood smoothly from all over the body to the heart—even uphill, from the legs.

But when any of the valves that prevent blood from flowing downhill is damaged and springs a leak, says Seattle vascular surgeon Walter de Groot, "blood flows backward, gets trapped, and pools in the vein." The vein's walls balloon from the pressure—and a varicose vein is born.

Although varicose veins can develop anywhere in the body, they usually occur in our legs; one-third of our blood is in the legs. "Varicose," which means abnormally enlarged, refers to large, blue-purple veins that can be the size of your pinky finger. Smaller blue or red "spider" veins can be as thin as pencil lead and are usually "fed" by larger veins.

By age 50, experts estimate, up to two-thirds of American women and half of American men have varicose veins, which are linked with a number of factors, including gender, heredity, and lifestyle.

Childbearing, for example, presents women with a dilemma. "A pregnant woman isn't just supporting her own body's circulation, but developing a circulatory system for her baby, which can increase her blood volume by half," says Mitchel Goldman, assistant professor of dermatology at the University of California, San Diego. "The more pregnancies, the more insult to the veins."

Yet remaining childless can also contribute to the problem. Birth-control pills contain hormones that dilate the blood vessels—as does the supplemental estro-

gen that many women of menopausal age take to prevent bone loss.

Goldman believes the incidence of varicosity doubles for each decade of life, as we lose elasticity in our muscles and connective tissue. If either or both parents have endured varicose veins, your risk increases still further.



PHOTO: GINA LAMPHOTO

**Varicose veins can be prevented by changing your office routine. Don't sit for long periods; also, cross your legs at the ankles rather than the knees.**

Behavior is also a determinant. "There's a direct correlation between sun exposure and the development of spider veins," Goldman says. "Ultraviolet rays break down the body's elastic tissue—it's the same process that causes wrinkles."

Varicose veins are not just unsightly; they can also be dangerous. Dull, aching, or burning pain; night cramps; itching or rashes—all are signals to see a doctor. Left untreated, Goldman says, phlebitis, or inflammation of the vein wall, can damage the valve, eventually leading to ulceration in the ankle—a condition that affects approximately 2 million Americans a year.

Happily, several treatment options can help vanquish varicose veins. A common surgical procedure, known as stripping, works best on large veins. But it carries the standard drawbacks of surgery: possible infection, scarring, and complications

from anesthesia—plus a high price tag.

Sclerotherapy, an alternative introduced over a century ago, uses needles rather than knives, is relatively inexpensive, and often can be done on your lunch hour. A chemical solution is injected into the vein, causing it to shrivel up and be reabsorbed by the body. For some, how-

ever, the procedure can be risky. Explains dermatologist Michael McCray, associate professor of clinical dermatology at the University of Southern California: "A person with hypertension, for instance, would be at risk, because the sclerosing solution contains a high degree of sodium, which raises blood pressure." Diabetics and those at risk for heart disease are not good candidates for sclerotherapy.

Compression stockings, the oldest treatment for varicose veins, may also be the most distasteful—at least to anyone who is vain about veins—but they do the job. High-pressure hose forces blood up out of your calves and helps prevent existing varicose veins from worsening.

To help prevent varicose veins:

- Don't stand or sit for long periods. If you are on your feet all day, take breaks with your legs elevated. If you work at a desk, take frequent short walks to keep the blood moving.

- Exercise! Walking is best; each step you take pumps blood toward your heart.

- Toss out tight clothes, which constrict blood flow.

- Cross your legs at the ankles, not the knees.

- Eat a high-fiber diet. Fiber helps ease the strain on your bowels, which in turn relieves pressure on the veins.

- At home, put your feet up when sitting, and sleep with your feet raised on a pillow. "Varicose veins are the price we pay for walking upright," says surgeon de Groot. "If you reclined on a silk chaise all day, you'd never get them, because gravity wouldn't affect you."

Marcia J. Pear is a writer specializing in health issues and is principal of Pear Communications, a San Francisco-based marketing communications firm.



# Direct Line

Experts answer our readers' questions about starting and running their businesses.

By Meg Whittemore

## RETAILING

### A Flowering Concept

I need information on what's involved in starting a flower shop.  
D.W., Phoenix

Running a flower shop "is hard work and involves much more than simply putting



ILLUSTRATION: SHARON FRENCH

flowers in a bud vase" or having a hobby arranging flowers, says Sharon French, membership assistant for the Society of American Florists. "The key is to have the right customer base, good marketing ideas, and a great location," she says. Florists rely on customers making impulse purchases, she says, so the store must be in an accessible location.

The Society of American Florists, a trade association, says there are 35,000 to 40,000 florists in the U.S., and last year their gross sales reached an estimated \$12.6 billion.

Free information for beginning florists can be obtained by sending a stamped,

self-addressed envelope to the membership department of the Society of American Florists, 1601 Duke St., Alexandria, Va. 22314. The organization also sells *Owning and Operating a Retail Flower Shop*, a publication that covers the steps involved in getting into the business; it is priced at \$29.95 for nonmembers. You can order it by writing to the organization or calling (703) 836-8700.

### A Jewel Of An Idea

I need information about starting a jewelry business.  
G.M.W., Newton Grove, N.C.  
(Similar requests from M.B., Flower Mound, Texas; and G.T.K., State College, Pa.)

Michael Roman, chairman of Jewelers of America, Inc., a nonprofit organization representing 18,000 jewelry outlets nationwide, says the best way to get information and learn about the business is to work with an established jewelry store. "It is a complex business," he says, "and you need to know a lot about the products you sell, and getting that kind of knowledge takes time."

Roman says 99 percent of all jewelry stores are family-owned enterprises that have evolved from firms started by single-craft specialists such as watchmakers or goldsmiths.

Jewelers of America conducts a wide variety of educational seminars and offers written materials that may be helpful. You can write or call Roman at 1185 6th Ave., 30th Floor, New York, N.Y. 10036; (212) 768-8777.

and it contains profiles of successful golf ranges. The price for nonmembers is \$65 plus shipping.

*Planning and Developing a Golf Range Complex* is written by George McNamara, a Professional Golf Association master golfer, who recounts his experiences in planning and developing a golfing complex.

The cost to nonmembers is \$50 plus shipping.

To place an order or to obtain more information on the subject, write or call the National Golf Foundation at 1150 South U.S. Highway 1, Jupiter, Fla. 33477; 1-800-733-6006.

## LEISURE

### Where The Carousels Are

I want to open an old-fashioned amusement center and am interested in acquiring a used merry-go-round. Is there an organization that could help me?  
R.H.S., Malibu, Calif.

There are several possible resources for you to pursue. The Amusement Equipment Exchange, Inc., specializes in selling rebuilt merry-go-rounds.

For information on prices and availability, write or call the organization at 1203 5th Ave., Rock Island, Ill. 61201; (309) 788-0135.

Chance Rides, Inc., manufactures carousels and occasionally sells used merry-go-rounds. Write or call Rob Swinson,



national sales representative, at P.O. Box 12328, Wichita, Kan. 67277; 1-800-242-6231.

Also, you may find *Carousel News & Trader* helpful. The monthly magazine covers the amusement park industry and lists equipment auctions and sales of rebuilt carousels.

For more information, write or call the magazine at 87 Park Ave. West, No. 206, Mansfield, Ohio 44902; (419) 529-4999.

## RECREATION

### Distance Driving

I am interested in opening a golf driving range. Can you tell me where to get information on such a venture?  
J.Y., Philadelphia

The National Golf Foundation, a membership organization, offers publications on the subject:

*Guidelines for Planning, Building, and Operating a Golf Range* contains information on site selection, locating a market, layout, construction, lighting, and day-to-day operations.

The book also lists golf-range suppliers,

## SERVICES

### For The Clothes-Minded

I would like to know whom I would contact in reference to starting a dry-cleaning business.

K.B., Pompano Beach, Fla.

The Coin Laundry Association offers start-up information for would-be dry-cleaning businesses as well as coin-operated laundries.



The association will send you a free starter kit that includes guidelines on store layout and tips on buying an existing operation, writing a business plan, financing, marketing and advertising, and other management help.

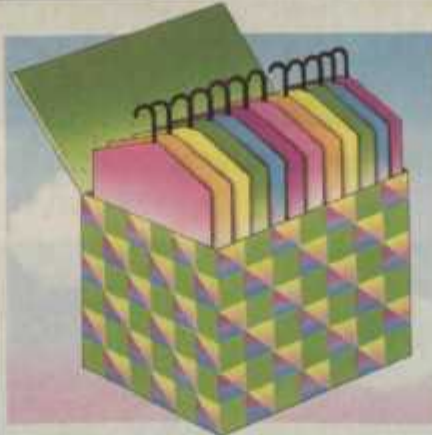
A free copy of the association's monthly magazine, *The Journal of the Coin Laundry and Drycleaning Industry*, is available on request.

You may be particularly interested in an article in the August issue, "Is Drycleaning For You?"

For more information, write or call the Coin Laundry Association at 1315 Butterfield Road, Suite 212, Downers Grove, Ill. 60515; (708) 963-5547.

Another good source of helpful information is the International Fabricare Institute, at 12251 Tech Road, Silver Spring, Md. 20904; (301) 622-1900. The institute offers a packet of booklets and materials specifically for those who are starting a dry-cleaning business. Subjects include start-up costs, profit margins, building size, machinery requirements, educational-seminar listings, and government rules and regulations concerning the Clean Air Act.

The packet costs \$125, which includes a six-month membership in the International Fabricare Institute once your business opens.



To order the packet, or to obtain more information, contact the institute's membership department.

### Planning The Big Day

I am interested in starting a business as a wedding consultant. Where can I go for sources of information about the bridal industry?

*M.B.W., East Stroudsburg, Pa.  
(Similar question from S.S., Westlake, Ohio)*

Each year, the Association of Bridal Consultants conducts an in-depth confer-

ence on the bridal industry. The association also offers professional-development seminars throughout the United States. The association's annual fees are \$75 for a newcomer to the business and \$125 for an established consultant.

For more information, you can contact Eileen Monaghan, vice president of the association, at 200 Chestnutland Road, New Milford, Conn. 06776; (203) 355-0464.

The National Bridal Service, a trade association for suppliers, distributors, retailers, and consultants in the wedding industry, offers a \$65 packet of information on the bridal-shop and wedding-consultant business, on the capital required to start a business, and on industry trends.

To order the packet or to obtain more information about the wedding-consultant business, contact the National Bridal Service at 3122 West Cary, Richmond, Va. 23221; (804) 355-6945.

### HOW TO ASK

Have a business-related question? Mail or fax your typewritten query to Direct Line, *Nation's Business*, 1615 H Street, N.W., Washington, D.C. 20062-2000; (202) 463-3102.

Writers will be identified only by initials and city. Questions may be edited for space.

## From the editors of Direct Line

# The Small Business Resource Guide

**What You Need To Know About Starting And Running Your Business**

Nation's Business brings you answers to the most frequently asked questions from Direct Line, the popular advice column for small-business owners. The guide contains useful advice about: ♦ setting up a business ♦ marketing ♦ retailing ♦ exporting ♦ franchising ♦ trademarks and copyrights ♦ patents ♦ financial planning ♦ managing people ♦ and much, much more.

Nation's Business' **The Small Business Resource Guide** is a must for owners of new and existing businesses in the 1990s. Available for only \$5.95 + \$1.00 for shipping and handling. Orders must be prepaid. Write to: Nation's Business, Circulation Department, 1615 H Street, N.W., Washington, D.C. 20062.

NB1292

From the editors  
of Direct Line

### The Small Business Resource Guide

*What You Need To  
Know About Starting  
And Running Your  
Business*



Nation'sBusiness

YES, please send me

**The Small Business Resource Guide**

To Order Multiple Copies **Only**, Call (202) 463-5433

Check enclosed for \$6.95.

(Includes \$1 for shipping + handling)

Please bill my credit card.

(Not applicable to single copy requests)

Visa

MasterCard

American Express

Card No. #

Exp. Date

Name (Please Type or Print)

Signature

Address

City

State

Zip

Nation's Business, Circulation Department, 1615 H Street, N.W., Washington, D.C. 20062



# For Your Tax File

*How to keep taxes from trapping you.*

By Albert B. Ellentuck

## ESTATE PLANNING

### Insurance That Can Pay Your Estate Taxes

Life insurance can be a useful estate-planning tool for small-business owners in the right circumstances, and the life-insurance industry has created a number of products tailored to specific estate-planning needs.

One such specialized type of insurance is joint and survivor (or second-to-die) life insurance. It is useful in situations where a married couple is concerned that estate taxes will reduce their estate so that very little of it will be left for their children.

For example, George, who runs a small business, owns all the stock of the firm, which is worth \$3 million. His wife, Jean, also is active in the company. George and Jean would like to leave all their stock to their three children, who are just starting to become active in the business. George would like the children to continue the business after he and Jean are gone.



PHOTO: GARY ZARLAW—POLIS INC.

**Your insurance agent could help you with your estate taxes.**

If George died first and left all his stock to Jean, there would be no estate tax upon his death because there is an unlimited marital deduction for the transfer to a spouse. However, on Jean's death, there would be a substantial estate tax. Even with proper planning and the use of both George's and Jean's lifetime exemptions of \$600,000 each, there would be an estate tax on the business alone of almost \$800,000. Part or all of the business might have to be sold to pay the estate taxes.

If George and Jean want to preserve the business for their children, a joint and survivor life-insurance policy may be the answer. The policy would pay only after the second death, in this case Jean's death, since that is when the estate taxes would be incurred.

If George and Jean were to buy a joint and survivor life-insurance policy in the amount of \$800,000, you might think the policy would take care of all the estate taxes.

But the \$800,000 policy would in fact be included in Jean's estate, thus increasing the amount of estate taxes on her estate by some \$420,000. However, if someone else were the owner, such as the children, none of the policy proceeds should be included in the parents' estate. If the children are too young, the insurance can be placed in a life-insurance trust; if properly done, all the insurance proceeds can be kept out of Jean's estate for estate-tax purposes.

## RETIREMENT

### Options You Must Weigh Concerning Social Security

Social Security retirement benefits usually constitute a significant portion of the retirement income of small-business owners who have not been able to put large sums of money into a retirement plan.

The Social Security retirement age is 65, but you can choose to begin receiving lower benefits at age 62. Once benefits begin, they will be adjusted for cost-of-living changes.

If you delay the start of benefits until after you're 65, you will get additional benefits when they begin.

The amount of Social Security benefits is determined by earnings, with certain maximum amounts at various retirement ages. The current estimated maximum yearly benefits for individuals, according

to the Social Security Administration, are shown in the chart below.

You can work after your benefits commence, but your benefits will be reduced if you earn too much.

For 1993, if you earn more than \$7,680 and are between the ages of 62 and 64, benefits will be cut \$1 for every \$2 earned above that amount. For those between the ages of 65 and 69, earnings over \$10,560 in 1993 are reduced \$1 for every \$3 of excess earnings.

While earned income, which includes wages and other self-employment income, is counted for this purpose, unearned income—such as rental income, dividends, interest, and capital gains—is not.

If you begin receiving benefits at 62, you will get 80 percent of what you would receive if you were 65. Nevertheless, by starting your benefits at 62 and getting three full years of payments up front, you will probably be better off.

If you start receiving benefits at 65, you will have to wait about 20 years, depending upon the cost of money, before you break even.

Of course, if you plan to work after 62,

it would probably pay to wait. In fact, if you can wait until age 70, you can earn as much as you want and receive an extra retirement amount as well.

If your business is organized as a corporation and you want to continue working, you may be able to reduce your salary to avoid exceeding the Social Security earnings limit.

If your business is unincorporated, however, you may want to consider incorporating it, or transferring it to a family member active in the business. This type of planning can be tricky, so consult with your lawyer.

Also, Social Security benefits may be taxable. The amount taxed is the smaller

of one-half of the benefits or one-half of combined income above the base amount. The base amount is \$25,000 for an individual and \$32,000 for a couple filing jointly.

Combined income is adjusted gross income plus nontaxable interest income and certain other tax-exempt income, plus one-half of the benefits. Thus, you can reduce your tax on Social Security benefits if you can reduce your adjusted gross income and nontaxable interest.



*Tax lawyer Albert B. Ellentuck is a partner in the Washington law firm of Colton and Boykin. Readers should see tax and legal advisers on specific cases.*



# It's Your Money

*A monthly survey of strategies and suggestions to help you with your personal finances.*

By Peter Weaver

## UTILITY BILLS

### Make Sure That You're Getting The Best Rates

Electric utilities usually offer a variety of billing plans based on how you use their services, and you should determine what is the best available rate for you.

If, for example, your electric utility has discounted rates for customers whose electricity use occurs mainly in off-peak hours, determine whether you qualify for such rates.

"Utilities are not obligated to charge the lowest rate," says Larry Arrington, author of *Auditing Your Home Utility Bills* (UAS Publications). "You have to find it and get them to charge your account appropriately."

You can also ask your utility for advice on whether your water heater is the right size relative to your electricity usage. A smaller unit might provide savings.

You also could monitor your bills for errors. Arrington notes that the many rate schedules in effect at utilities complicate billing procedures and "the more



PHOTO: SPENCER STREET-FOUD, INC.

**Do your lights burn brightest in off-peak hours? Check with your electric utility to see if you're eligible for—and receiving—a rate discount.**

options the utility has ... the more chances there are for billing errors."

Your electricity company will help you resolve questions and advise you on the best available rates for the type of service that you need.

"With your telephone bills," Arrington

says, "the thing to remember is to audit your service and not your calls." You have to know the kind of service you're paying for and whether there are other types of service that could save you money. Ask your phone company for a list of its various services.

## TAX NOTES

### Tax-Free Personal Time For Business Travelers

According to a private letter ruling, the Internal Revenue Service has indicated that you can add a "pleasure" weekend to your business trip and not owe tax on the amount of your travel reimbursement that covers your personal time.

"This ruling is not official tax policy," says an IRS spokesperson, "but it does give you an idea of the service's thinking on the matter."

The reasoning behind the ruling, the spokesperson says, "is that considerable money can be saved on air fares by staying over Saturday night." If an employer can cut business travel costs by having employees stay at their travel destination for an extra day or two of relaxation, it now appears that it can do so with the IRS' unofficial blessing.

The IRS spokesperson says some restrictions do apply, however. For example, the employer must have a travel policy that spells out the company's rules on adding personal time at the beginning or end of a business trip. In addition, the overall cost of the extra time—including hotel room, meals, and other related expenses—must not raise the total cost of the trip above the level that it would have reached without the extended stay.

If you're concerned about adhering to the IRS guidelines on this matter, you could ask your accountant to look up the IRS private letter ruling—No. 9237014—in one of the privately published tax-information bulletins.

### A Charitable Donation That Pays Off For You

There's a way you can give money to a charitable cause, take a nice tax deduction, and be paid a monthly income for the rest of your life and, if you wish, for the rest of your spouse's life.

It's called a charitable remainder trust, and it really pays off when the donated assets are highly appreciated securities.

The charity receives the securities, sells them, and puts the money into a

pooled-income trust fund (currently earning around 6 to 8 percent); you don't have to pay any tax on the capital gains. You get a current income-tax deduction based on the amount of the gift, your age, how many lives are covered, and the earnings record of the trust fund.

Until recently, this tax-advantaged retirement program was aimed primarily at older people who had sizable assets. Now, charities are appealing to a much younger donor who may have few, if any, appreciated assets.

"It's called a deferred-payment, charitable-gift annuity," says Douglas Givens, vice president for development at Kenyon College, in Gambier, Ohio. You put in a minimum of \$5,000, and the money is paid out later in life (you choose the date) as a monthly or quarterly retirement check.

Because the charity pays no tax on earnings from your invested money, funds build rapidly. "When you calculate the tax advantages," Givens says, "the funds can eventually produce returns as high as 18 to 20 percent."

Another form of charitable giving that can provide retirement funds for younger donors is a charitable retirement account (CRA), sold by insurance agents and stock brokers. With a CRA, you designate



Peter Weaver is a Washington-based columnist on personal finance.



the charity, but the investment choices are controlled by you, not the charity.

The inventor of the CRA approach, James R. Feek, president of Future Difference Inc., a Seattle marketing and consulting company that administers CRAs for individuals, charities, and corporations, says the investment "is composed of a special charitable-remainder trust and life insurance outside the trust, both of which you personally own and

control." Why add on life insurance? "Because you get added protection against future contingencies," Feek says.

When you donate money to a charitable remainder trust (or annuity), the charity gets the assets when you die. If you were to die prematurely, the insurance would cover your heirs. It can also build cash to cover future contingencies such as money for children's college, loss of a job, or whatever. And it can provide supplemen-

tal income for retirement years.

"As a rule," Feek says, "the insurance premiums can be covered by the tax deductions you get from your charitable donations."

For more information on specific charitable pooled-income funds and annuities, contact your favorite charitable institution. For more information on who provides CRAs, and where, call Feek's company, at 1-800-228-3335.

## AUTOMOBILES

### The Long And The Short Of Vehicle Leasing

In the past, the way to keep monthly payments to a minimum in a car-leasing arrangement was to sign up for a longer term, such as four or five years. Now, car manufacturers and their dealers are promoting the cost-cutting potential of two-year and three-year leases.

Dealers can pass on savings on interest rates when a lease is for a shorter term, says Jerry Duffy, leasing manager for Philadelphia-based Jefferson Leasing. He explains that dealers don't want to lock in today's low rates for long periods because rates may go up; thus, rates for longer-term leases are higher.

Does this mean you now can have a new car every two or three years and still not pay more than you did for waiting out a four-year or five-year lease?

"Not really," says Duffy, "because there are some extra charges that most customers fail to take into account."

One of the big ones, Duffy says, is the "cap-cost reduction," which is another term for the down payment. This item, plus the sales tax, tags, and other fees, could come to \$2,000 or more each time you lease a car. "If you have to pay this



PHOTO: SCARE PALMER—THE STOCK MARKET

*Leasing your vehicles for shorter terms may reduce your monthly payments, but it may cost you more in the long run.*

every two years," Duffy explains, "as opposed to every four years with the longer lease, it doubles your start-up costs and ends up adding an additional \$80 or more to your monthly payment."

If you weigh the options of vehicle leasing by "focusing on pure cost accounting" rather than on any personal desire to always have a new car, Duffy says, "the

only way you can tell how long you should keep a leased car is by the mileage." Corporate fleet managers figure the optimum time to get rid of a car is just before the odometer registers 60,000 miles.

If you drive 30,000 miles a year, a two-year lease would save you money. If you drive 15,000 miles a year, a four-year lease would make more sense.

## INVESTING

### Avoiding Problems Of Dollar-Cost Averaging

In the past, this column has reviewed an investment strategy called dollar-cost averaging. That strategy involves investing the same amount of money every month in one or more mutual funds.

If the market goes up, you make a paper profit. If it goes down, you buy your next month's shares at a discount. It's a proven strategy, but it has some problems for long-term investors.

"One problem," says Sheldon Jacobs, publisher of the *No-Load Fund Investor* newsletter, "is that you have no idea what your investment is going to come to, 10 or 20 years from now." Another problem is that dollar averaging doesn't really let you invest a sufficient amount when the market is low because, he says, "bear markets don't last as long as bull markets."

The answer? According to Michael Edleson, a Harvard Business School pro-

fessor, it's a strategy that involves monthly investments that are weighted. You don't just put in the same \$100 or more every month, as you do with dollar-cost averaging.

Jacobs gives an example of how it works: Let's say that 20 years from now you want to have a fund of \$24,000. Twenty years is 240 months. Divide 240 into \$24,000 and you get \$100 a month. That's the amount your fund has to grow each month in order to hit your target.

The first month, you put in \$100. The next month your target value is \$200. Your initial investment might go up, say, \$5. Or it might go down that much. Or it might remain unchanged.

"If it goes up \$5," Jacobs says, "you have \$105, so our next payment will be \$95, to hit your second-month target of \$200." If the value goes down \$5, you have to put in \$105 to meet the target. And so on.

But what happens later on if the market goes up enough so you're way over your

target and don't have to put anything in? "In this case," Jacobs says, "you basically have two options—sell off some of your shares, or just wait it out until you have to put more in to make the target amount."

Of the two choices, Jacobs prefers selling shares. "You sell when the market's high," he says, "and put the proceeds into a money-market fund for a rainy day." That rainy day might come if, for example, the market took a big dive and you had to come up with thousands of dollars to meet your next month's target level.

The only drawback Jacobs sees in selling shares when the market is up is that you might have to pay tax on the gains.

Value averaging may seem like a lot of trouble, but it really isn't, once you get your program rolling. A broker or financial planner may be able to help you set up an investment plan—and may even have a computer program that tells you just what to do every month.



ENTREPRENEURIAL/FRANCHISE OPPORTUNITIES

## Earn \$5,000 Per Month



### Making Personalized Children's Books

Turn a small investment into that profitable full or part time business you have always dreamed about!

An excellent home operated business! Books sell fast in stores! At fairs! Parties! Malls! Or mail order... anywhere there are people. It's easy to make \$4,000 to \$8,000 per month making and selling our exciting line of personalized books (for children & grown-ups.) Personalized audio tapes and stationery available also.

Find out how to build a business of a lifetime!

Call (214) 248-9100  
TODAY!

OF WYBE



My Very Own Book, D&E Enterprises, Inc.  
1216 Commander Dr. Ste. 101, Dept. 15 Carrollton, TX 75006

Circle No. 37 on Reader Service Card

## The Proposition Business Owners Can't Refuse

For the past eight years, a very unusual company has quietly been showing hundreds of businesses how to save thousands of dollars each month on their everyday business expenses. Even more unusual is how this company, Expense Reduction Analysts, Inc., gets paid. They work on a "results only" basis, receiving fifty cents of every dollar they save for their clients during a twelve month period. No savings, no fee.

This remarkable company is staffed by skilled expense reduction experts who know how and where to quickly discover big money being wastefully spent on such common items as office supplies, cleaning and maintenance products, printing, office equipment, overnight express service, business insurance and in many other areas. In normal economic times, our business is very good. Today, as you can imagine, business is excellent. We turn down far more clients than we accept.

We are now teaching our system to qualified entrepreneurs to become our associates in their own area. Approximately \$10,000 in start-up capital is required. A typical case can yield several thousand dollars in profit, and we'd like you to speak with existing associates doing anywhere from two to ten or more of these cases each month. The income potential is staggering.

A free videotape hosted by our spokesman Steve Allen and a full-color booklet will be sent to interested parties. Call 800/782-1050 or 314/997-5500, or write to:



**EXPENSE REDUCTION  
ANALYSTS, INC.**

12033 Gailcrest, St. Louis, MO 63131

## Rugs To Riches!

A major breakthrough to recreate an ancient European art has been accomplished. "This makes ordinary carpets obsolete," explains Volker Bauerle, President of Carpet Sculpture International. "This amazing process allows us to use a design from a client's wallpaper, upholstery, stained-glass window, or Company Logo...and create an incredibly beautiful, matching sculptured area rug, inlaid wall-to-wall carpet or tapestry."

The potential profits of this exciting new business are staggering! Home-owners want these artworks to beautify their homes. Businesses want their logos featured; decorators, custom builders, architects, restaurant owners, hotels, fine galleries...are begging for qualified carpet sculptors to work with.

Our national expansion now permits entrepreneurs to learn our system and operate this business in their own area. No artistic skills are required. Perfect home business with six-figure income potential. We show you how to line up more work than you can handle, part/full time. \$11,900 fee includes full training, equipment, marketing, free PR & leads, followed by 6 months of support by our consultants. You may talk to existing affiliates making lots of money & having the time of their lives. For our full color information packet & video, call/write to:



**Carpet Sculpture  
International, Inc.**

510A W. Central Ave., Brea, CA 92621  
1-800-348-6934 or 714-671-7712

Circle No. 35 on Reader Service Card

## Earn \$4,000 Per Month From Your Home With A Computer!



Begin part-time and still retain the security of your present position. This is a proven turnkey business an individual or couple can run. If you purchase our software and business program, we will give you the computer and printer. If you already own a computer, you may receive a discount. You do not need to own, or know how to

**FREE CBSI 486 SX Computer** run, a computer — we will provide free, home office training. Financing available.

Find out how other couples, and individuals like yourself, are building a lifetime income!

To receive your free cassettes and color literature, call toll-free:  
**1-800-343-8014, ext. 32**

(in Indiana: 317-758-4415) Or Write:

**Computer Business Services, Inc., CBSI Plaza, Ste. 32,  
Sheridan, Indiana 46069**



## Personalized Children's Books

Make Money with Your Computer • Print Books at Home or on Location in just two Minutes • Customize Invitations, Stationery and Announcements • Personalized Audio Cassettes and Holiday Letters Available

LIFETIME LICENSE • DEALERSHIPS \$995.00

**Exclusive Barbie™ and Me**

### Best Personalized Books

444 Best Personalized Plaza  
4350 Sigma Drive  
Dallas, TX 75244

Free Kit: (214) 385-3800

Barbie™ and associated trademarks are owned by and used under an exclusive license from Mattel, Inc.



## Classified Ads

### Classified Rates

### And Information

To place a classified ad CALL TOLL FREE: 800-424-6746 (in Washington, DC call 463-5640) or write Nation's Business Classified, PO Box 1200, Washington, DC 20013. Closing date for advertising is five weeks preceding date of issue. Rates are based on frequency at a per line per insert cost as follows:

1x	3x	6x	12x	—frequency
\$59	\$53	\$46	\$32	—line rate

Ad minimums: solid set, 3 lines; display, 1 inch.

### How To Reply To Box Numbers

Box (number in ad), Nation's Business Classified, PO Box 1200, Washington, DC 20013.

## AUTOMOTIVE

SEIZED CARS, trucks, boats, 4-wheelers, motorhomes, by FBI, IRS, DEA. Available your area now. Call (800) 333-3737 Ext. C-1389.

## Tremendous Savings From "The Carpet Capital Of The World"



Call or  
Write  
Today  
For Your  
Free  
Copy of  
Beckler's  
Guide To  
Buying  
Carpet!

FREE SAMPLES ON REQUEST!



1-800-BECKLER  
P.O. BOX 9  
I-75 at  
Connector 3  
Dalton, GA  
30722

## BOOKS/PUBLICATIONS

**INCREASE SALES:** Do business with some of the country's largest purchasers. State Governments. State By State Guide To The Bidders' List Process. \$59. Creative Concepts, POB 732N, Glenwood Ldg., NY 11547. 516-935-2245.

## BUILDINGS

**STEEL BUILDINGS:** From HERITAGE. America's largest metal building distributor. 5000 sizes available. Call today with your building size for the lowest prices in the country. 1-800-643-5555 or fax: 501-945-2255.

## BUSINESS OPPORTUNITIES

**LET THE GOVERNMENT FINANCE** your small business. Grants/loans to \$500,000. Free recorded message: 707-449-8600. (HSZ)

**DISTRIBUTORS NEEDED - HIGH PROFITS.** Mini Satellite Antenna, Mids for Homes, RV's, Businesses. Start at \$361. 913-509-8286.

### HOME IMPORT/EXPORT/MAIL ORDER BUSINESS

Free Report. Inca Galleria, Dept. D111C,  
Box 282, Woodland Hills, CA 91365. (818) 884-4414.

**MEXICO — MDXCO — MEXICO.** Network marketing company opening with herbal health drink. Your contact there can mean financial freedom for you. 1-800-828-4231.

### REAL ESTATE APPRAISER CAREERS

Home study. P.O.D.I., Atlanta, Georgia. FREE career literature. 800-362-7070 Dept. RP637

### HOME IMPORT MAIL ORDER BUSINESS: Start

without capital. FREE REPORT. Mellinger,  
Dept. W155C, Woodland Hills, California 91367

**EARN QUICK CASH:** Buy Sell Government seized houses, autos, computers, boats, furniture, stereos, etc. Everything dirt cheap. Free Details: Seizures, Box 51488-BN, Ontario, CA 91761.

**MAKE MONEY WITH FOREIGN INVESTORS.** Top finder's fees paid. Dept. 1292N81, THE GLOBAL EXCHANGE, 419 N. Newport Blvd., Ste. B, Newport Beach, CA 92663-4271. 714-722-9260.

**1-900 OPPORTUNITY.** Get started in the exploding 5 Billion 1-900 telephone industry now. No equipment needed. Begin cashing in immediately. Your own national 900 program. For free brochure: 1-800-695-8014 24 hrs.

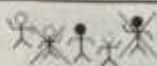
**#1 MONEY MAKER** Spare Time! No selling! No inventory! Publicly documented seven week \$19,919 income! Free audio cassette and report reveal everything. Real Money, 911-NB Bryant Place, Ojai, CA 93023.

**MAILORDER OPPORTUNITY!** Start profitable home business in America's fastest growing industry. Nationally known authority will teach you. Write for free book, sample catalog, plus details. No obligation. Mail Order Associates, Dept. 62, Montvale, NJ 07645.

## BUSINESS SERVICES

### CUT PAYROLL TAXES!

Cost Containment. Use self-administered B.A.S.I.C. FLEX. No employer contributions. Free info: 800-444-1922.



### CROSS OUT THE CROOKS

Use **HONESTY TEST** instead of **POLYGRAPH**.  
CROSS OUT crooks before you hire.  
Learn How. **POS Corp.**  
Box 48232, Chicago, IL 60648 or  
1-800-621-4008.

## BUSINESS SERVICES

### FRAMER, COLE AND YOUNG

Nationwide Commercial Collections. No Recovery. No Fee. Members BBS. References Furnished Upon Request.  
1 (800) 743-2110—Fax (813) 743-7047

**VISA/MC Credit card processing equipment & services.** ATM Debit Card systems, check guaranteed programs. For new or existing businesses, Home-based businesses. Call Merchant Information Systems: 914-969-0521.

**EASY PREP** of W-2, 1099 MSCL & R forms. Lotus 5 1/4 disk, 1-50 forms, reusable. Accumulates total, includes state/local taxes. \$22.95 + \$1.25 s&h. TX add \$1.89 tax. Jerry Hrusden, CPA, 3601 Woodcrest, Temple, TX 76702.

**PATENT ATTORNEY** in Boulder, CO provides quality patent services for individuals & companies nationwide via mail at affordable fixed fees. Call John Flanagan: 303-449-0884 or fax 303-449-3532 for free info. about services.

## FREE Manual & Software

### YOUR COMPUTER WRITES PROGRAMS FOR YOU Offer

Save \$100's create the programs you want. GULPPO-3 software program actually writes other custom programs for you in minutes. Easy. No program experience is required. You design what you want on your screen. Many uses. Send Now!  
ICR FutureSoft, P.O. Box 1446-A, Orange Park, FL 32067

## DELAWARE INCORPORATIONS

### \$115 COMPLETE

Form a corporation in just  
10 minutes on the telephone.  
**CORPORATE AGENTS, INC.**  
(800) 877-4224

## CARPET

**CARPET-VINYL-HARDWOOD. BUY DIRECT & SAVE 50-70%.** All Major Brands. Select brand, style, color. 1-800-548-5815. Free samples. TC Distributor, Dalton, GA.

**CARPET—Save up to 50% & more on major brands.** We also manufacture our own beautiful styles. For information & samples, call 1-800-845-7747. Dalton, Georgia.

Buy Direct. Save 40 to 50%  
Barrett's "CARPET MILL STORE"  
(A MILL OWNED OUTLET)

**BIG SAVINGS — All quantities business and home carpets.** All major fibers including Dupont Stainmaster(DM), Allied Anso V Worry Free(R), Monsanto Wear Dated StainBlocker(R), Call, visit, or write requirements, with \$10 for samples (refundable upon return or purchase.) I-75, ext 135, 3304 Parquet Rd., PO. Box 2045, Dalton, GA 30722. Ph: 1-800-241-4064, ext. 79, GA: 1-800-447-2114.

## COMPUTERS/ACCESSORIES/SOFTWARE

**WRITE YOUR WEEKLY EMPLOYEE SCHEDULE USING LOTUS 1-2-3.** Tools instant by employee & by day. \$25, demo \$5. VISA/MC. Call Instant Software: 1-800-825-6952.

**NEW! UNIVERSAL MEMBERSHIP MANAGEMENT SYSTEM FOR PC.** Membership, letters, planning, attendance, billing, contributions—Clubs, Organizations, Churches 1-800-845-1266-903-876-2224.

## 5-HOUR VIDEO "ENSURE YOUR BUSINESS SURVIVES"

No-nonsense information from a business survival specialist!

**T O P I C S**  
The Corporation - Preparing For Failure - Investing Safely - Officer Responsibility  
Personal Guarantees - Getting Help (Accountants, Lawyers - Consultants) - Early  
Warning Signals - Knowing The Score - Unsecured Creditors - Collection Agencies  
Collection Attorneys - Debt Compromise - Taxing Authorities - Secured Creditors  
Bankruptcy - Starting Over - Mergers

**THINKING ABOUT BANKRUPTCY? DON'T DO IT BEFORE VIEWING THIS VIDEO**

TO ORDER CALL 1-800-468-6631 COST \$349 MC/VISA/AMEX



## EDUCATION

**LEARN HOTEL/RESTAURANT MANAGEMENT.** Home study. EC.D.I., Atlanta, Georgia. FREE Career Literature. 800-362-7070, Dept. FP637.

**\*FREE VIDEO\*** External BA/BS, MS/MBA, PHD/LAW - Accredited, financial aid, 800-937-2456 LASALLE UNIVERSITY Dept. 035, Mendeville, LA 70470-4000.

**FINISH BA/MS/MBA/PHD/D** by cert. CityUnivLA, 3950 Wilshire Blvd., LA, CA 90010. Degree Prog. for orgs./co's. 60 sem. hrs. reqd. 800-262-8388/213-382-3801.

**PARALEGAL GRADED CURRICULUM.** Approved home study. Most affordable & comprehensive. 100 years of legal training. FREE CATALOG. 1-800-826-9228. BLACKSTONE SCHOOL OF LAW, P.O. Box 871449, Dept. NB, Dallas, TX 75287.

**BACHELORS, MASTERS, DOCTORAL DEGREES**  
Non-residential programs. Send resume, mention Academic Field, and we'll tell you the credits you've already earned from work experience. No Obligation. SOUTHWEST UNIVERSITY, 2200 Veterans Blvd., Kenner, LA 70062. (800) 433-5925 or 433-5923.

**Fully Approved University Degrees!**  
Economical home study for Bachelor's, Master's, Ph.D., FULLY APPROVED by California Superintendent of Public Instruction. Prestigious faculty, outstanding for independent study & life experience credits (5000 enrolled students, 400 faculty). FREE INFORMATION—Richard Owens, MO (Harvard), President, Columbia Pacific University, Dept. 12192, 1415 Third St., San Rafael, CA 94901. Toll free: 800-227-0119; CA: 800-552-5522 or 415-459-1650.

## EMPLOYEE BENEFIT PROGRAMS

**FLEXIBLE BENEFITS.** Why waste money on fees? Administer your own Flex plan with our software & administration kit. Aero Systems, 1023 Landon, Nisswa, MN 55468. 800-932-5216.

## EXECUTIVE GIFTS

**FRESH APPLES DIRECT FROM MINARD FARMS, INC.**  
Crisp, Juicy Empire—16 lbs. minimum—Just \$9.95 plus U.P.S. Shipped Anywhere. Call: 1-800-458-2438.

**\*\*\*WATCH REPLICAS/ORIGINALS\*\*\***  
LOWEST PRICES NATIONWIDE! 2 Year Warranty! Exact weight! 18KT Plated! (404) 963-3872. Cartier, others. Repairs, Accessories-60%!

## FINANCE/INVESTMENTS

**GO PUBLIC**  
Business owners, if your sales exceed \$30 million, we can show you how to go public through a new, innovative procedure that results in real financing power. Call J.R. Keaps at 800-543-8620, or write: Joseph Walker & Sons, Inc., Drawer 88, Walker, WV 26180.

## FRANCHISE OPPORTUNITIES/SERVICES

**FRANCHISE YOUR BUSINESS**  
With the leading consulting firm in the country, Franchise Consulting Group, Inc. (800) 358-8011.

## HOME/OFFICE FURNISHINGS

**TREMENDOUS SAVINGS ON MAJOR BRANDS OF FURNITURE**  
Call or write Loftin Black Furniture Co.  
111 Sedgwick Dr., Thomasville, NC 27360  
CALL TOLL FREE 1-800-334-7398  
(In N.C. call 919-472-6117)  
NATIONWIDE HOME DELIVERY

## IMPORT/EXPORT

**ASIAN MANUFACTURERS JOURNAL**  
A complete Asian products guide for importers. Write: BG Valdes Drive, Scarborough, Ontario, Canada, M1V 1R5. Fax: 416-292-2319 for details.

## INVENTIONS

**INVENTION, IDEA, NEW PRODUCT ASSISTANCE**  
Presentation to industry. National exposition.  
1-800-288-IDEA.

**INVENTORS!** Can you patent and profit from your idea? Call AMERICAN INVENTORS CORP. for free information. Serving inventors since 1975. 1-800-338-6656.

## INVENTIONS

**INVENTORS:** We are a full service marketing and patent development company for inventors. Call TLO for free information/Inventors Newsletter: 1-800-468-7200, 24 hrs/day—USA/Canada.

## LEGAL SERVICES

**PATENTS, TRADEMARKS, QUICK SERVICE.**  
John Leonard, Esq.  
703-349-4740

## MAIL ORDER

**MILLIONAIRE Mailorder Expert Reveals Money-Making Secrets!**  
Free hour cassette. Write or call today: Melfon Powers, No. Hollywood, California 91609. (818) 765-8618.

## PREMIUMS & INCENTIVE GIFTS

**PERSONALIZED LABEL**  
**CHAMPAGNE**  
*The Gift of Good Taste*  
FULL SIZE—LESS THAN \$10  
SPLITS—LESS THAN \$4

Personalized with your message, greeting and/or logo. Non-alcoholic champagne also available.

CALL OR FAX:  
Private Cellars, Ltd.  
2625 Northchase Parkway  
Wilmington, NC 28405  
**800-800-4436 • FAX 919-791-1066**



## PREMIUMS & INCENTIVE GIFTS

**PROMOTE WITH... CUSTOM PRINTED PLASTIC CARDS**  
CREDIT CARD THICKNESS  
16c ea & LOWER  
FREE IDEA & SAMPLE KIT  
CALL FOR PRICING DETAILS  
**516-694-2500**  
TMD Plastics  
38 NEWTOWN RD., PLAINVIEW, NY 11803

ROLL-4-VUE CARDS  
BUY FACTORY DIRECT  
PREFERRED CUSTOMER UP & DISCOUNT CARDS

## REAL ESTATE

**REPOSSESSED VA & HUD HOMES** available from government from \$1 without credit check. You repair. Also S&L bailout properties. CALL (800) 333-3737 Ext. H-1687 for mpo list your area.

## TELEPHONE EQUIPMENT

**PRIVATE PAYPHONES**  
5% ANNUAL RETURN ON \$ CALL/DAY YOU OWN IT & KEEP ALL THE CASH

- For Customers & Employees
- Makes \$1000-\$4000 per year
- Cut off timer limits call time
- Pays for itself in months
- Cuts down high phone bills
- No installation just plug it in
- Counter or Wall models

CALL FOR FREE BROCHURE  
PAY-TECH 1-800-282-0128

## TIMESHARES

\* USA \* Canada \* Mexico \*  
BUYING/SELLING TIMESHARE or CAMPGROUND? AMERICA'S #1 GUARANTEED. 1-800-777-8836. fax: 714-775-6085. ProfitWatch Advertising.

## WORKERS' COMPENSATION

**LOWER PREMIUMS!** IBM RISK MGMT software: Regular \$150, only \$55 by mail order. 1073 Business Savemore, 184 N. Main St., Champlain, NY 12919. 800-463-5042. FREE Brochure.

## Searching for new products?

# HONG KONG EXPORTERS DIRECTORY

- \* Over 800 color pages with over 1200 companies offering more than 20,000 products. Published by the Hong Kong Trade Development Council.
- \* Every company listed provides descriptions (in English) and photographs (in color, of over 20,000 products) of its products. Company address, Tel. # and Fax #.
- \* Directory is updated more than 4 times yearly. The issue you receive is less than a few months old and contains the latest products.
- \* Every product imaginable including many new and unique products not yet available in the North American market. Buy below wholesale in small or large quantities.
- \* An excellent reference to Importers, Wholesalers, Retailers and Entrepreneurs searching for new products. Many companies will drop ship directly to your customers.
- \* 30 day Money back guaranteed: if not totally satisfied with your directory return it within 30 days for a full refund. Copyright 1992, IED

Thousands of products including:

- \* CALCULATORS \* CLOCKS \* CLOTHING \* CLOTHING ACCESSORIES \* GARMENTS \* ELECTRICAL APPLIANCES \* ELECTRONICS \* ELECTRONIC GAMES \* HANDBAGS \* HARDWARE \* HOUSEHOLD PRODUCTS \* FASHION ACCESSORIES \* JEWELRY \* KITCHENWARE \* LIGHTERS \* OPTICAL GOODS \* PENS \* PLASTICS \* PVC PRODUCTS \* SPORTS GOODS \* STATIONARY \* STEREOS \* TAPES \* TRAVEL GOODS \* TOYS \* WATCHES \* ETC.



**ONLY \$49.95** (plus \$4.00 shipping)  
Order today! Visa & MasterCard orders call  
24 hours a day **1-800-972-8299**

or send check or Money Order to:  
**International Business Directories Dept. N**  
1300 Main St., Box 2245, Springfield, MA 01101

MA orders please add 5% sales tax



**INTERNATIONAL BUSINESS DIRECTORIES**

North America's Only  
Authorized Hong Kong  
Enterprise Distributor



# Where I Stand

## ON THE ELECTION RESULTS

- 1.** Does the presidential-election result make you more or less confident that significant progress will be made soon on resolving the nation's economic problems?

1. More confident  
2. Less confident  
3. No opinion

Results of this poll will be provided to leaders of Congress and the administration to inform them of your expectations in the wake of the 1992 balloting.

Send the attached, postage-paid response card. Or circle your answers, fill out the coupon below, and fax this page to (202) 463-5636.



*Send Your Response Today!*

- 2.** Does the makeup of the new Congress make you more or less confident that significant progress will be made soon on the economy?

1. More confident  
2. Less confident  
3. No opinion

- 4.** How do you assess the climate for government actions favorable to small business over the next two years?

1. More favorable  
2. Less favorable  
3. No change  
4. No opinion

- 5.** How optimistic are you that the new Congress will enact reforms designed to make the legislature more responsive to business needs?

1. Very optimistic  
2. Moderately optimistic  
3. Not optimistic  
4. No opinion

- 3.** The election victors will be sworn in next month. When do you expect progress on the nation's problems?

1. Within 100 days  
2. Within six months  
3. Within one year  
4. Within two years  
5. Not while these individuals are serving

**Fill out this coupon if you fax your response.**

Name \_\_\_\_\_ Title \_\_\_\_\_  
Company \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_

Please check here if your firm can receive satellite TV seminars. \_\_\_\_\_

Mail to: Nation's Business, 1615 H Street, NW, Washington, DC 20062-2000 FAX to: 202/463-5636

Send For  
**Free  
Information**

The following advertisers would like to send you free information about the products and services advertised in this month's Nation's Business.

**Three ways to request free information:**

- Mail postage-paid card
- Mail this page
- Fax this page

**33** ANA/All Nippon Airways

**4** BellSouth Corp.

**21** Compaq Computer Corp.

**35** Carpet Sculpture Gallery

**13** Executive Seminars in Sound

**44** Family Business Audio Program

**14** First Business on the USA Network

**45** Hertz

**27** IBM PS/ValuePoint

**60** Image Watches, Inc.

**10** Management Recruiters

**37** My Very Own Books

**12** Office Mates5

**23** Professional Displays, Inc.

**22** Radio Shack

**20** Ryder System Used Trucks

**Please circle your selections.**



POLL RESULTS

# Tight Credit Persists For Companies

*Respondents to our Where I Stand poll still feel the pinch of unavailable credit for their firms.*

By Joan C. Szabo

**S**mall-business owners continue to experience difficulties in obtaining credit for their businesses, and many say that current credit conditions are worse now than they were a year ago.

Readers expressed their views on the credit situation in response to questions posed in *Where I Stand*, a monthly *Nation's Business* feature that asks readers' opinions on major issues affecting small companies. Ninety percent of the responses came from companies with fewer than 100 workers.

Results of the poll are sent to top officials in the White House and Congress.

A sizable 40 percent of all poll respondents said today's credit situation is worse than last year's, and almost as many other respondents—39 percent—said credit conditions had shown little improvement and were about the same as they were a year ago.

Only 21 percent said credit conditions had improved since last year.

"The poll results indicate that fewer business owners are seeking credit. And for those who are seeking credit, a lot have had trouble getting it," says William K. MacReynolds, director of financial and monetary affairs for the U.S. Chamber of Commerce.

Of those responding to the poll, 23 percent said they recently tried and failed to get credit, and 38 percent said they had not applied for credit in the past six months. Only 39 percent said they successfully obtained credit during that period.

Credit difficulties also continue to pose problems for businesses that want to expand. Twenty-three percent of respondents cited the inability to obtain capital as the biggest obstacle to business expansion. Ten percent cited low consumer demand, and 8 percent said the biggest obstacle has been the expected rate of return on investment.

The largest roadblock to expansion, however, in the view of slightly more than half of those responding, has been a general uncertainty about the economy.

Small companies have been hit especially hard by the credit crunch. Many firms not only have had problems obtaining loans but also have faced other credit-related difficulties. They include the capping or suspending of credit lines

by banks and the renegotiating of credit terms, which often can result in a reduction of cash available for operating purposes.

The current credit picture also may be causing some business owners to avoid plans to borrow money.

Only 27 percent of the respondents said they intend to seek a business loan in the coming six months. Among those respondents who said they don't plan to pursue a business loan, as many as 13 percent said they are

discouraged about their ability to do so.

A key problem for business owners, says MacReynolds, "is that bank collateral requirements are so high that few people qualify to obtain loans."



PHOTO: FRANK MUELLER-STOCK BOSTON

## OBTAINING CREDIT

**How do you believe current credit conditions compare with those one year ago?**

- |                   |     |
|-------------------|-----|
| 1. Better         | 21% |
| 2. Worse          | 40% |
| 3. About the same | 39% |

**Have you tried to obtain credit from a lending institution over the past six months?**

- |  |     |
|--|-----|
| 1. Have not tried to get credit        | 38% |
| 2. Have obtained credit                | 39% |
| 3. Have tried and failed to get credit | 23% |

**What do you see as the biggest obstacle to business expansion?**

- |                                 |     |
|---------------------------------|-----|
| 1. General economic uncertainty | 51% |
| 2. Inability to obtain capital  | 23% |
| 3. Low consumer demand          | 10% |
| 4. Expected return              | 8%  |
| 5. Other                        | 8%  |

**Do you expect to seek a personal or business loan over the next six months?**

- |             |     |
|-------------|-----|
| 1. Personal | 12% |
| 2. Business | 27% |
| 3. Both     | 16% |
| 4. Neither  | 45% |

**If you do not expect to pursue a loan, why?**

- |                                       |     |
|---------------------------------------|-----|
| 1. Discouraged about succeeding       | 13% |
| 2. Want to wait until I can pay cash  | 12% |
| 3. Don't foresee the need for capital | 28% |
| 4. Other                              | 6%  |
| 5. Not applicable                     | 41% |



## NEW REPRINTS

## Small Firms Put Quality First

Measuring your firm's practices against your competitors' fits in with TOM. (Page 64)

## SPECIAL REPRINT PACKAGES

*Six Reprints For The Price Of Five!*

(\$9.95)

- ◆ Small Firms Put Quality First (#8888)
- ◆ Turn Your Workers Into A Team (#8896)
- ◆ How To Succeed By Really Trying (8902)
- ◆ Doing Well What Comes Naturally (#8904)
- ◆ The Quest For Quality (#8837)
- ◆ Ideas That Pay Off (#8909)

## (\$9.95)

- ◆ Marketing To Ethnic Groups (#8908)
- ◆ Selling On A Shoestring (#8769)
- ◆ Shape Up Your Firm's Image (#8754)
- ◆ Extend Your Reach By Catalog Sales (#8882)
- ◆ PR On A Shoestring (#8816)
- ◆ Looking Good, Selling Better (#8794)

## (\$9.95)

- ◆ What You Must Do For The Disabled (#8893)
- ◆ Disability Rules Target Job Bias (#8891)
- ◆ Achieving Access For The Disabled (#8838)
- ◆ Topics To Avoid With Applicants (#8898)
- ◆ Rules On Medical Tests For New Hires (#8854)
- ◆ Planning For The Disabled (#8907)

(\$9.95)

- ◆ If Family Members Ask For A Job (#8886)
- ◆ 10 Keys For Success In Family Business (#8830)
- ◆ Marrying Into The Family Business (#8746)
- ◆ Making Your Family Business Outlast You (#8722)
- ◆ Fair Pay In Family Firms (#8765)
- ◆ Bringing The Kids Into Your Business (#8700)

## (\$9.95)

- ◆ Switching To Flexible Benefits (#8841)
- ◆ 10 Ways To Cut Health Care Costs (#8810)
- ◆ Fighting The High Cost Of Workers' Comp (#8783)
- ◆ The Threat To Pension Plans (#8824)
- ◆ Curbing The High Cost Of Health Care (#8758)
- ◆ Workers' Comp Costs: Out Of Control (#8895)

## (\$9.95)

- ◆ Boosting Your Workers' Basic Skills (#8875)
- ◆ Checking References (#8813)
- ◆ When A Key Manager Leaves (#8817)
- ◆ Winning With Diversity (#8903)
- ◆ Criticism Without The Sting (#8863)
- ◆ See You In Court (#8753)

NOTE: Individual reprints may be selected from Special Reprint Packages at the single reprint rates listed on the order form. Individual reprints are in black and white only. Color reprints may be special-ordered.

## Send to: Reprint Manager, 1615 H St., NW, Wash. D.C. 20062-2000

TO ORDER, CALL 1-202-463-5433  
OR FAX 1-202-463-5641

State  Zip [illegible]

## Reprint Packages: \$9.95

	SUBTOTAL
CA & D.C. SALES TAX	
SHIPPING	
TOTAL	

NB1292

**Your Order Is 100% SATISFACTION GUARANTEED**



# Editorial

## Change Is Not A Zero-Based Exercise

In choosing Gov. Bill Clinton as the next president, voters were moved primarily by dissatisfaction with the current pace of economic recovery and by the hope that he will deliver on his promise of strong growth.

Another factor was gridlock. People no longer wanted to put up with the impasse between a Democratic-controlled Congress that passed bills reflecting its priorities and a Republican president who vetoed many of them to reflect his. The voters preferred to change the politics of the White House rather than those of the Congress.

Next month, the president and congressional majorities will represent the same political party for the first time in 12 years, and they appear well positioned to effect the change that was the dominant theme of the campaign.

But the seemingly simple and clear-cut goal of change can be a complex, even baffling, matter. Change is not a zero-based exercise. It begins not with slogans or sweeping mandates but with questions: Change what? How? To what end?

Much of the president-elect's agenda is directed toward new economic policies to spur growth. He has properly identified such effective incentives as tax cuts, an investment tax credit, a reduction in the capital-gains tax, and line-item veto authority to help curb federal deficits.

The president-elect has rightly made health-insurance reform through the private sector a top priority. He has wisely rejected the counsel of the more-liberal members of his party who would leap to nationalized health insurance.

Gov. Clinton recognizes the need for improved training of workers to prepare them for the more demanding jobs of a technological age. His call for restoration of the infrastructure essential to a viable economy is welcome.

He has also recognized how government regulation can undercut economic growth; he noted how controls that curtailed bank lending had contributed to the slowdown.

Unfortunately, the president-elect has burdened many of these commendable proposals with provisions that would be counterproductive. His plans to ease taxes in some areas are geared to tax increases that would initially be targeted at

upper-income taxpayers. His health-insurance plan involves coverage mandates and fee caps, as well as budget ceilings on Medicare and Medicaid. He would levy a further tax to finance apprenticeship training. His infrastructure plan for sharply increased federal spending could conflict with his pledge to cut the budget deficit.



PHOTO BY MICHAEL SCHWARTZ—GAMMA LIAISON

The new president will face these and other considerations in more detail as he translates his campaign pledges into specific legislative language. The potential conflicts between his goals and some of the means through which he intends to achieve them will become more apparent in that exercise and indicate that some modifications are needed to achieve sustained economic growth.

And it would be unrealistic to assume that the new Congress will rubber-stamp every recommendation that it receives

from the new occupant of the White House.

Despite their common political allegiance, the president and congressional majorities will find themselves in sharp disagreement on many issues. The congressional leadership and the powerful committee chairmen will subject the Clinton proposals to the rigors of the legislative process.

There is much talk at the moment of an all-out effort to adopt high-priority elements of the Clinton economic program within the first few months of his administration. But such a timetable could well prove too ambitious in view of Congress' own legislative schedule and the lead time necessary before the impact of economic-policy changes is actually felt.

As Gov. Clinton prepares to assume office, we congratulate him on his election victory. We know that the views of the entire business community toward the new administration were reflected in the post-election comments of Richard L. Leshner, president of the U.S. Chamber of Commerce:

"We are ready and willing to work with the new administration in a spirit of cooperation and shared commitment to our country."

"Economic growth is certainly an immediate focal point, and we stand ready to help achieve it."



# Free-Spirited Enterprise



By Janet L. Willen

Caviarteria can also cater a spur-of-the-moment party. Its Scotch-salmon layer cake, containing Scotch salmon, mascarpone (a sweet cream), cream cheese, and three kinds of caviar can provide hors d'oeuvres for hungry people. For more information, call 1-800-4-CAVIAR.

## A Bit Of Bubbly

To go with the roe—or anything else—**Liquor By Wire**, of Chicago, delivers gifts of champagne or other wines, spirits, beer, and

other potables in the U.S. and to more than 30 countries nationwide.

The company has a network of more than 2,000 U.S. and foreign retailers that package and deliver the beverage of your choice.

Liquor By Wire offers most standard brands, usually in 750-milliliter bottles, as well as specialty gifts like a "taste-testing" set of scotch. The gift pack holds six 50-milliliter bottles with a 20-minute video and a booklet, for \$51.

All deliveries are wrapped and ribboned and include a card. Wrapping for special occasions is also available.

Deliveries take three to five business days, but the company also offers next-day and two-day service. For more information, call 1-800-621-5150.

## Some Like It Cold

When only a beer will do, you can give the brew monthly.

**Beer Across America**, of



Barrington, Ill., sends beer from microbreweries across the U.S. to its members each month. The mailing includes two six-packs—one from each of two breweries—plus a newsletter highlighting the featured beers, a description of the breweries, and recipes.

Gift memberships can be given for three, six, or 12 months. The gift giver will be billed with each shipment. Special billing arrangements are available for multiple memberships. For more information, call 1-800-854-2337.

## The Well-Stocked Golfer

Here's a stocking stuffer for the golfer in your life. It's, well, a stocking.



From **Cooler Covers Inc.**, of Stuart, Fla., comes a knitted, insulated club-head cover that doubles as a beverage cooler.

While transporting your clubs, protect their heads with the stocking covers. When you want something to drink, reverse a cover, hook it to your bag with the attached clip, and insert a container of a hot or cold beverage.

The covers come in a variety of colors. A package of three costs \$19.95.

For more information, call (407) 288-3044.

## Get Pinned

**Breakthru Unlimited**, of Manhattan Beach, Calif., has

designed a pin to pay tribute to all business women.

The company calls the brooch **Breakthru!**... Beyond the Glass Ceiling! The name refers to the invisible barriers that keep women from the top in business.

The pin is made of iridescent, fused, broken glass and is trimmed in 18 karat gold. It costs \$40.

For more information, call (310) 545-5375.



## Children's Hour

**KIDVIDZ**, of Newton, Mass., has a selection of special-interest videos for the preteens in your life. Each tape runs 30 minutes and costs \$14.95 plus shipping and handling.

"Squiggles, Dots & Lines" teaches budding artists, ages 5 through 12, how to draw "anything in your imagination" using six basic shapes—circle, half-circle, dot, rectangle, U, and S.

Kids 5 to 12 who like food, science, puppets, and "eggcellent" puns may well like "Kids Get Cooking: The Egg."

Two other tapes are designed for special events.

"Hey, What About Me?" is a guide to help brothers and sisters ages 2 through 6 adjust to a new baby in the family. "Let's Get A Move On!" helps children ages 5 to 12 who are going through a family move.

All tapes were created by child-development specialists, and most feature children in realistic situations. Six-page activity guides for children are also included.

For more information, call 1-800-637-6772.

There is something for everyone on this season's gift-giving list. Here are some items you might like to give—or get.



## The Front Roe

For that last-minute gift for the special person in your life, **Caviarteria Inc.**, of New York and Beverly Hills, delivers overnight gift packs of Russian or domestic caviar.

Gift assortments of American caviar start at \$30 for four 1-ounce jars containing sturgeon, salmon, American golden, and trout eggs. The imported Russian sampler contains beluga, ossetra, sevruga, and kamchatka caviar, and it starts at \$125 for four 1-ounce jars.

If your friends think fish is foul, Caviarteria can send them French foie gras, Italian truffles, and homemade blinis. And for the person who doesn't have everything, you can order caviar spoons and servers.







# IT'S THE AUTOMOTIVE EQUIVALENT OF A COMPANY BONUS.

Some things just naturally move people better than others. Like the 1993 Toyota Camry LE. It's the kind of company car that tells executives they're going places. Which is just one of the many reasons to consider the new Camry for your fleet.

## The 1993 Toyota Camry

Talk about powerful incentives. Under the hood, you'll discover Toyota's own efficiency expert—a potent 16-valve 4-cylinder engine that's remarkably thrifty on gas.\* Or, if you prefer, a more powerful V6 model that proves just how effortlessly 185 horses can move you.

Looking for a comfortable, quiet place to conduct business? The new Camry LE has plenty of room for five executives to stretch out. And it offers the kind of amenities that'll


make even a long commute seem short, like air conditioning and cruise control—standard.

Like you, we care about the safety of all your executives. That's why every Camry features a driver-side air bag\*\* standard and the option of an Anti-lock Brake System (ABS).

Of course, every Camry comes with another built-in bonus, Toyota's established reputation for quality. Not to mention, the good feeling of knowing most Camrys are built right here in America.

If you'd like more information, call 1-800-552-FLEET today. And give your company the bonus it deserves.

*"I love what you do for me."*

 **TOYOTA**

\*1993 preliminary EPA estimated mileage figures for the 4-cylinder Camry Sedan with 5-speed manual overdrive transmission (22 city/29 highway MPG) and for the V6 Camry Sedan with automatic transmission (18 city/25 highway MPG). EPA estimates not available at time of printing. See your Toyota dealer for details. \*\*Always use your seatbelt. Driver-side air bag is a supplemental restraint system. Buckle Up! Do it for those who love you. © 1992 Toyota Motor Sales, U.S.A., Inc.



# INDEPENDENCE LIVES ACROSS THE USA

## IN AN ECONOMY BUILT ON DIVERSITY AND INDIVIDUAL EFFORT, YOU WANT AN INSURANCE AGENT WHO THINKS LIKE YOU DO— INDEPENDENTLY

Let's face it: no one insurance company is likely to have all the right insurance choices for every business need in America.

To exercise true independence and freedom of choice, you want an insurance agent who thinks independently—not on behalf of a company that employs its own sales force. However professional those sales people may be, they can offer you coverages only from the company they work for.

Independent insurance agents work for you. And their obligation is to help you find the right policy for your needs. From the right company. And at the right price.

Put that independent thinking and freedom of choice to work for you. Check the Yellow Pages and establish a relationship with an independent agent today—to get the right insurance choices in the future.



### INDEPENDENT INSURANCE AGENTS OF AMERICA

*It pays to make the independent choice.*



# The Business Advocate

SUPPLEMENT TO **Nation's Business** DECEMBER 1992

Members of the U.S. Chamber at the organization's northeast regional meeting, in Rye, N.Y., discuss federal legislative priorities for 1993.

## U.S. Chamber Gears Up For 1993

**M**embers of the U.S. Chamber of Commerce from around the country met in late October to help set the organization's legislative goals for 1993. More than 1,000 business people made their recommendations for the Chamber's National Business Agenda at five regional meetings.

"When our new government convenes, we need to be there with our agenda in hand, explaining our rationale, and offering our support and aid to

achieve action on it," said H. William Lurton, the Chamber's 1992-93 chairman, in explaining the meetings' importance in crafting an agenda.

The agenda will be presented to the newly inaugurated president, Bill Clinton, and members of the 103rd Congress following the Chamber's national business action rally Feb. 23 in Washington. The agenda will consist of 25 priorities for legislative action on which the Chamber will focus its resources over the next two years.

With a new administration and at least 120 new federal lawmakers, "business has an opportunity to affect the legislative decisions that will guide

America into the 21st century," says William T. Archey, senior vice president/policy for the Chamber.

Many of the new faces in Congress ran and won their races with a pledge to go to Washington to solve the country's problems, not engage in partisan politics, Archey points out.

"The grass-roots members of the U.S. Chamber can be a powerful voice to a Congress and a White House that I believe will be very receptive to a business agenda that seeks to move this country forward economically," he says.

Archey says the recently concluded regional meetings make up the most

(Continued on Page 92)



## ■ Business Ballot

# Confidence In Economy Down In Poll

**B**usiness confidence about the U.S. economy continued to slide in the latest Business Ballot poll conducted by the U.S. Chamber of Commerce.

The poll of Chamber members, taken in October, showed that 32.4 percent of respondents—down from 37.7 percent in August—believe the economy is headed up over the next six months.

The poll results "reflect a fall in optimism rather than a rise in pessimism," according to William K. MacReynolds, the Chamber's director of financial and monetary affairs.

Falling optimism was also evident in respondents' outlook for improvement in their companies' sales over the next six months. Just 36.6 percent said they expect their sales to increase, compared with 48.7 percent who expected sales gains in the August poll. Those expecting sales to remain flat rose from 30.1 percent in August to 39.2 percent in October.

Firms' hiring plans also fell sharply from the previous poll. Only 18.5 percent of respondents said they expect to add jobs during the next six months—down from 24.1 percent in the August ballot. Slightly more businesses—17.4 percent, compared with August's 17.2 percent—expect to cut employment. And 64.1 percent—compared with 58.7 percent in August—expect no change.

MacReynolds says the increases in the "no change" category for sales and hiring suggest the economy will be stagnant over the next six months.

The Chamber's Business Confidence Index—a combined measure of businesses' six-month outlook on the economy, sales, and employment—was 53.3, its lowest level since December 1991, when it was 39.3. An index of 50 means the number of businesses expecting increases in the three areas is equal to the number expecting decreases.

The index had reached 64.2 in the June ballot.

*Be sure to respond to this month's Business Ballot—the first following the Nov. 3 elections. The ballot is included in the polybag with your Nation's Business and The Business Advocate.*



Nearly 37 percent of poll respondents expect sales gains over the next six months.

## ■ Federal Spending

**T**he overwhelming majority of respondents to the October Business Ballot poll conducted by the U.S. Chamber of Commerce said Congress should favor spending cuts to reduce the federal deficit over higher outlays to spur the economy.

Nearly 94 percent of the respondents favored reductions in spending, while 3 percent said outlays should be increased in an effort to boost economic growth. Just under 3 percent were undecided.

The deficit was a key focus during the campaign for the presidency and was a major concern at the U.S. Chamber's recent regional meetings.

The fiscal 1992 deficit—the differ-

ence between what the government spent and the revenue it collected—was \$290 billion. The fiscal 1993 deficit is projected to top \$340 billion, according to the Office of Management and Budget. The 1993 fiscal year began in October.

Almost 85 percent of the business respondents to the Chamber poll said federal tax increases should not be considered at this time. Only 11 percent said tax hikes should be considered now, while 4 percent were undecided.

Tax cuts were favored by 48 percent of respondents and opposed by 44 percent; 8 percent were undecided.

Results of this Business Ballot will be forwarded to members of the 103rd Congress, which will take office in January, and to President-elect Clinton and the national media.



## ■ Small Business



# Problems of Emerging Firms

The Small Business Council of the U.S. Chamber of Commerce has launched an initiative to explore the problems of "emerging" businesses—including minority-owned and women-owned businesses as well as enterprises being started by members of such groups as dislocated workers, welfare mothers, and immigrants.

The council has organized an Emerging Business Task Force under co-chairs Charlotte Taylor, president of Venture Concepts, in Washington, D.C., and Timothy R. Maurer, director of the Blue Chip Enterprise Initiative for Connecticut Mutual Life Insurance Co., in Hartford, Conn.

Earlier this fall, at the invitation of the task force, more than 50 business leaders and government officials met at the U.S. Chamber to fulfill a three-part mission: to identify emerging business issues that need the business community's support; to learn what is being done to encourage emerging businesses; and to identify ways the U.S. Chamber can work with other organizations to encourage small-business development.

The goal of the initiative is to "speed the entry of [emerging businesses] into the mainstream of American business," Taylor told forum participants.

Among the problems that were cited

at the daylong event were the lack of access to capital for emerging firms, the use of minorities and women as "fronts" for businesses that are actually owned by others (a practice that actually diverts money from minorities and women), and the need to revamp government programs so they help rather than hinder entrepreneurs.

Ideas generated by the forum will be considered by the Emerging Business Task Force, which expects to present its recommendations for Chamber action to the Small Business Council in February. The council is composed of small-business members of the Chamber.

## ■ TQM

# Quality-Management Seminars Set

A varied schedule of televised quality-management seminars will be offered by the U.S. Chamber of Commerce in 1993.

The aggressive lineup was established as a result of positive business reaction to 10 quality-management seminars the Chamber produced in the fall.

"Our participants indicated strong support for more satellite seminars and for broader subject coverage," says the Chamber's Alan A. Wheeler, vice president/quality learning services.

Like the seminars conducted in the fall, those planned for 1993 will be transmitted live via satellite and downlinked locally nationwide. Following are the series currently scheduled:

**■ Small-Business Management.** March 25, Personnel Management: Hiring, Firing and Counseling Employees; April 1, Basic Financial Management: Venture Capital, Budgeting and

Accounting; April 22, Employee Benefits: Flexible Fringe Benefits Programs; May 12, Business Owners Insurance: Liability, Fire, Theft and Health; and June 10, Business Start-ups: Critical How-To's.

**■ Implementing Quality Management.** Feb. 4, Getting Started in Quality Management: Fundamentals of Implementation; Feb. 17, Benchmarking; Feb. 26, Latest Trends in Quality Management; March 4, Recognition, Rewards and Incentives Programs; April 8, Business Process Redesign; April 15, Quality Strategic Planning; May 6, Training and Managing Teams for Process Improvement; May 19, Establishing Vision and Mission; and June 3, Implementing Quality Management With the Deming Method.

**■ National Issues Series.** Jan. 27, Workers' Compensation; Feb. 10, North American Free Trade Agreement; March 4, Human Interactions:

Employees With Disabilities (Americans with Disabilities Act); March 18, Physical Accessibility: Removing Barriers and Ensuring Accommodation; and April 29, ISO 9000.

**■ Quality Management In Government.** May 27, Total Quality Management in Government; and June 17, Measuring Quality in the Public Sector.

**■ Quality Management In Health Care Organizations.** June 24, Successful Tools, Concepts and Methods of Quality Management in Health Care Organizations; and June 30, Planning and Implementing Quality Management in the Health Services Organization.

**■ Quality Management in the Legal Professions.** July 14, Implementing Quality Management in the Legal Professions.

For more information, call the U.S. Chamber's Quality Learning Services Division at (202) 463-5570.



## ■ The Deficit



How to deal with the federal deficit was the topic of a recent "It's Your Business" public-affairs television program produced by the U.S. Chamber of Commerce. Participants, from left to right, were U.S. Chamber President Richard L. Leshner, Sen. Trent Lott, R-Miss., program moderator Meryl Comer, retiring Sen. Warren Rudman, R-N.H., and former Democratic Sen. Paul Tsongas of Massachusetts.

## ■ Defense

# Mandates On Contractors Derailed

The U.S. Chamber of Commerce helped derail a proposal in Congress that defense contractors said would have disrupted their work forces and cost their companies millions of dollars.

The House passed the measure in its version of the 1993 budget-authorization bill for the U.S. Department of Defense, but the Chamber's efforts helped keep the proposal out of the final bill agreed to by a House-Senate conference committee.

The measure would have required major defense contractors to provide unreduced pension benefits to laid-off or terminated workers as young as age 53.

It also would have mandated that those laid-off or terminated workers with skills in an "occupational specialty" be given the "first right of hire" for any new jobs a contractor created through September 1997.

"These provisions would have heaped costly new entitlements on companies already facing the prospect of reduced sales, and they would have thrown some good-sized wrenches into the workings of the private pension system," according to Lisa Sprague, manager of employee-benefits policy for the U.S. Chamber.

Major defense contractors were de-

fined as firms that had DOD contracts averaging more than \$100 million for fiscal years 1989-1991.

The amendment made no mention of subcontractors.

*"These provisions would have heaped costly new entitlements on companies already facing the prospect of reduced sales, and they would have thrown some good-sized wrenches into the workings of the private pension system."*

—Lisa Sprague,  
U.S. Chamber

Employees who were laid off or fired would have been eligible for a contractor's full pension benefits as long as

they had 10 years of service, participated in their firm's defined-benefit pension plan, and turned 55 by Dec. 31 of the year after their layoff or termination.

The House amendment also called for a \$500-a-month supplement for displaced employees to be paid until they are 62 years old.

Typically, normal retirement age is 65, and companies offer reduced pension benefits to workers opting for early retirement—usually allowed for employees no younger than 55.

The rehire provision of the amendment would have required companies that have Defense Department contracts to employ displaced workers who have worked at least five years for a defense contractor and who have "skills in the occupational specialty" being sought by the company, even if the job is not defense-related.

The level of skill for a worker covered by the provision could not be considered.

Also, not only would the "first right of hire" provision supersede a company's affirmative-action requirements, but it would also pertain even to displaced workers who were already collecting full retirement benefits won under the other proposed provision in the amendment.



## ■ Victory

# Chamber Helps Win Energy Measures

The U.S. Chamber of Commerce was instrumental in helping to push through the 102nd Congress a sweeping energy bill that should lower business's long-term energy costs.

Among other provisions, the legislation signed by President Bush includes tax incentives to encourage oil and gas exploration, develop renewable energy sources, and promote energy conservation and efficiency.

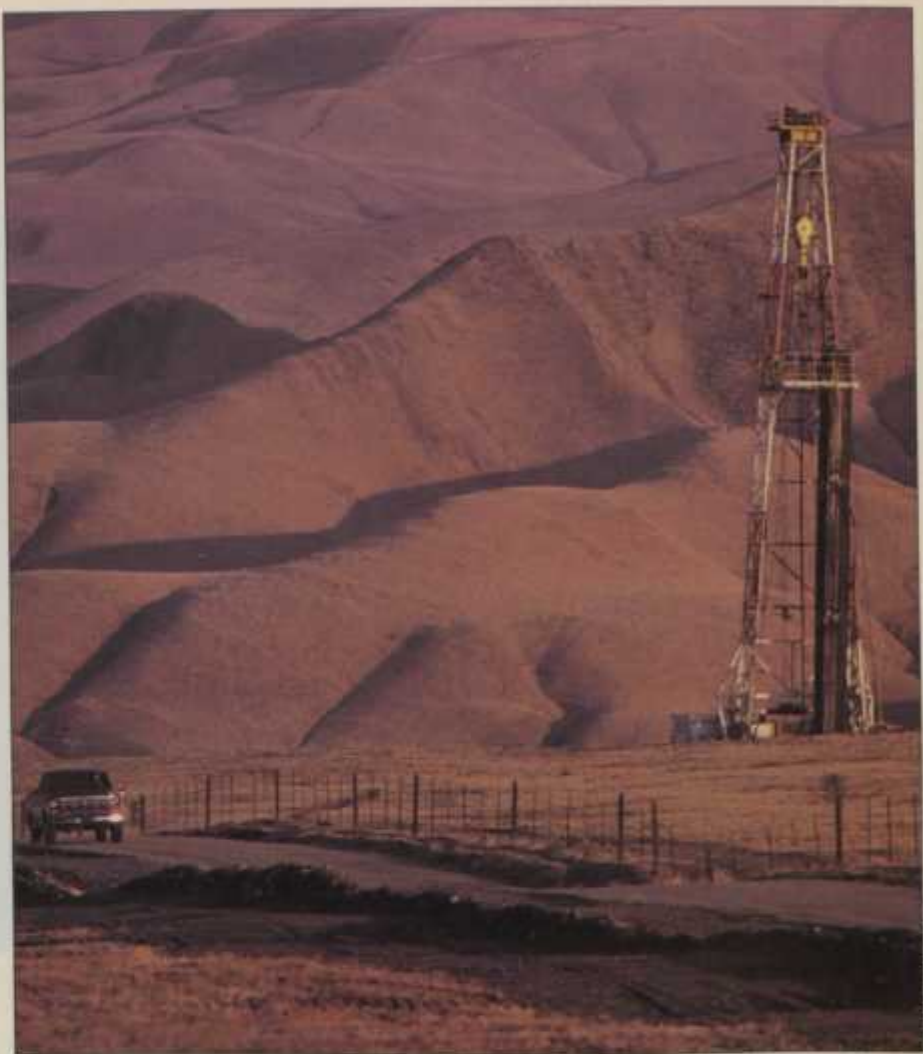
The new law also includes a provision—strongly supported by the Chamber—to streamline the federal licensing process for new commercial nuclear reactors. A utility will now have to obtain only one license for construction and operation of a nuclear power plant. Previously, a license was needed for each of two phases of a nuclear plant's development, and each phase was subject to costly and time-consuming public hearings.

The Chamber pushed for and won relief for oil and gas producers from alternative-minimum-tax (AMT) requirements. Drillers can now deduct certain costs associated with exploration before calculating the AMT.

The Chamber also successfully lobbied to delete a provision from the energy-efficiency section of the measure that would have required utilities to factor external costs, such as the effects of pollution on public health, into their prices. Such a provision could have priced new fossil-fuel-burning electric power plants out of business, says Amie Ingber, the Chamber's associate manager of energy policy.

Also eliminated from the final bill were provisions to impose a tax or "in-kind payment"—oil—on domestic oil producers to replenish the Strategic Petroleum Reserve and to require utilities to make periodic reports on their emission reductions to the U.S. Department of Energy.

The Chamber also won its fight for a reduction in the amount the nuclear industry must contribute for the cleanup of waste at Department of Energy uranium-enrichment plants and for an easing of the proposed new alternative-fuel requirements for vehicles.



The new energy law signed by President Bush includes incentives for oil exploration as well as measures to encourage conservation and energy efficiency.

The original bill would have mandated that 20 percent of private-sector fleets of 20 or more vehicles use alternative fuels, such as ethanol or natural gas, by the year 2000. The final measure allows the Department of Energy to require such a mandate only if progress toward a national goal of 10 percent use of alternative-fuel vehicles by the year 2000 is not sufficient.

Included in the original legislation but dropped before final passage were provisions to open part of Alaska's Arctic National Wildlife Refuge (ANWR) to oil and gas exploration, to prohibit nearly all oil and gas drilling on the Outer Continental Shelf (OCS), and to increase fuel-efficiency standards for automobiles. The current standards require an average of 27.5 miles a gallon for all models of a given manufacturer.

Citing the need to decrease national reliance on imported oil, the Chamber supported developing ANWR and opposed the proposed ban on OCS drilling.

## ■ Benefits Report

The annual employee-benefits survey of the U.S. Chamber of Commerce will be available soon as a publication and as a diskette-based computer program.

Both the publication and the computer program provide the basis for a self-audit of your company's benefit costs and programs.

The publication (No. 0324) is \$25, and the computer program (No. 0333) is \$95. The packet including both (Nos. 0324 and 0333) is \$115. To place mail orders, write Publications Fulfillment, U.S. Chamber, 1615 H Street, N.W., Washington, D.C. 20062-2000. To charge your order, call 1-800-638-6582 (within Maryland, dial 1-800-352-1450) between 9:30 a.m. and 4:30 p.m. Eastern time. Specify the quantity, title, publication number, and price on all orders. For computer programs, also specify the disk size, either 5 1/4-inch or 3 1/2-inch.



## ■ Entrepreneurship

# Assessing Reforms In Russia



Entrepreneurship in Russia was the focus of a recent conference sponsored by the Center for International Private Enterprise, an affiliate of the U.S. Chamber. The conference featured the first deputy prime minister of Russia, Vladimir Shumeiko (center), who is also president of the Confederation of Associations of Entrepreneurs in Russia. Talking with him were Victor Sedov (left), executive director of the Washington office of the confederation, and Ahmed Mayer El Sayed, Egypt's ambassador to the U.S.



## ■ Export Expansion

# U.S. Firms Gain Benefits

The U.S. Chamber of Commerce helped win congressional passage of measures to strengthen U.S. business opportunities in the former republics of the Soviet Union.

The measures were included in a bill giving economic aid to the former Soviet republics, now known as the Commonwealth of Independent States (CIS).

The aid package was strongly backed by the Chamber and was signed into law by President Bush in October.

Known as the Freedom Support Act, the law includes a \$12 billion increase in the U.S. commitment to the International Monetary Fund, which will lend billions of dollars to the Russian states over the next several years. It also

includes \$410 million in direct U.S. aid to the CIS for fiscal 1993.

The provisions strengthening business opportunities—sponsored as an amendment to the legislation by Rep. Eliot L. Engel, D-N.Y.—authorize creation of business centers and direct U.S. government agencies to coordinate U.S. assistance and economic co-operation programs in the CIS.

Other legislation signed into law and backed by the Chamber is also expected to enhance U.S. trade opportunities. Those measures include a five-year reauthorization of the Export-Import Bank, appropriation of funds for U.S. foreign operations, and reauthorization of the Overseas Private Investment Corp.



John Macomber (top right photo), chairman and president of the Export-Import Bank of the U.S., discussed his organization's programs for financing U.S. exports to Russia. And Ilya Zaslavsky (right in lower photo), chairman of the Moscow Public Committee of Russian Reforms, and Vladimir Skachkov, of the Confederation of Associations of Entrepreneurs in Russia, gave their views on the status of economic reform in the former Soviet republic.



## ■ Court Action



In a case involving the construction of a waste-water treatment plant for Boston Harbor, the Supreme Court will decide whether Massachusetts must abide by a federal law in setting the terms for labor relations among its suppliers.

**L**abor-relations issues top the list of U.S. Supreme Court cases that the public-policy law firm of the U.S. Chamber of Commerce is participating in during the current court term.

The term began in October and runs through June.

The National Chamber Litigation Center (NCLC) participates in cases with broad implications for business. Among other cases, it has filed friend-of-the-court briefs in these areas:

### ■ Collective Bargaining

NCLC argues that the federal National Labor Relations Act does not permit a state to dictate its suppliers' labor-management arrangements.

The case involves the Massachusetts Water Resources Authority, which plans to build a waste-water treatment plant to help clean Boston Harbor. The state agency is seeking to require potential contractors to abide by a labor agreement it signed with the Boston building and construction trades' union.

Among other provisions, the agreement would require that workers be hired through the union and that they be dues-paying union members with the union as their exclusive bargaining representative.

The water authority argues that the federal labor law does not pre-empt the state from setting labor relations between private employers and their employees when the state is acting as a "market participant" purchasing goods or services.

The U.S. Court of Appeals for the 1st Circuit, in Boston, said the National Labor Relations Act does pre-empt such action, and NCLC is urging the high court to uphold that ruling. The litigation center says the concept of free collective bargaining is that a contract should be entered into "without any official compulsion over the actual terms of the contract."

The case is *Building and Construction Trades Council vs. Associated Builders and Contractors; Massachusetts Water Resources Authority and Kaiser Engineering vs. Associated Builders and Contractors*.

### ■ Age Discrimination

NCLC is asking the Supreme Court in *Hazen Paper Company vs. Biggins* to reverse a U.S. appeals court ruling that was based on a broad definition of what constitutes a "willful" violation of the Age Discrimination in Employment Act (ADEA).

In the case, a 9½-year employee of the paper firm was fired when he refused to restrict his outside business activities, which included two ventures with competitors of the paper company. The 62-year-old worker refused to agree with the paper firm's request unless he was given a substantial salary increase.

The worker filed suit in a U.S. district court, alleging a violation of the age-discrimination law.

A jury agreed with the employee and also found that the company's action was willful, thus subjecting it to double damages.

The U.S. Court of Appeals for the 1st Circuit upheld the jury finding, but it also noted that an ADEA violation is not "willful" unless the aggrieved party can show that the employer "knew or showed reckless disregard for the matter of whether its conduct was prohibited by the ADEA." Nonetheless, the appeals court said the standard can be met merely by showing that an employer knew age discrimination was illegal.

NCLC is arguing that willful ADEA violations must be proved by showing that an employer's conduct was outrageous or egregious.



## ■ The Business Ballot

# Your Vote Counts!

**T**he Business Confidence Index developed by the U.S. Chamber of Commerce has become a major benchmark by which the national media assess the condition of the national economy.

This index is featured in virtually all the major metropolitan newspapers and smaller papers in all parts of the country, on television and radio networks, and regional and local broadcasts.

A partial listing of the media outlets that have used the index in their economic news appears on these pages.

The critical element in the impact of the confidence index is the response of readers of *The Business Advocate* to the bimonthly Business Ballot poll on economic and policy issues.

Readers who fill out the ballot are having a direct voice in the national debate on the economy by expressing their views and concerns to the nation and to Washington officials who make the economic-policy decisions.

Those who have been responding are urged to continue to do so, and readers who have not participated in the poll should take advantage of the opportunity it offers to make their views known where it counts.

### NEWSPAPERS/WIRE SERVICES

The Associated Press  
Reuters

United Press International	
(1) The Wall Street Journal	1,795,448
(2) USA Today, Arlington, Va.	1,785,448
(3) Los Angeles Times	1,196,323
(4) The New York Times	1,110,562
(5) The Washington Post	795,922
(6) Newsday, Long Island, N.Y.	762,000
(7) Chicago Sun-Times	527,238
(8) Journal and Constitution, Atlanta	510,378
(9) The Boston Globe	504,675
(10) The Philadelphia Inquirer	503,603
(11) Boston Herald	358,925
(12) The Orange County Register	347,675
The Oregonian	329,761
The Tampa Tribune	295,941
The Orlando Sentinel	279,226
The Daily Oklahoman	217,452
Daily News, Los Angeles, Calif.	203,346
Dayton Daily News	183,633
The Florida Times-Union	181,398

### CIRCULATION

The Palm Beach Post	178,714	The Oakland Press, Pontiac, Mich.	75,013
The Commercial Appeal, Memphis, Tenn.	178,708	The Augusta Chronicle	70,670
The Atlanta Journal, Atlanta	171,983	Post-Tribune, Gary, Ind.	69,021
The Record, Hackensack, N.J.	161,797	The Bridgeport Post	67,486
The Las Vegas Review-Journal & Sun	158,935	Reno Gazette-Journal	67,104
The Press-Enterprise, Riverside, Calif.	158,198	The Jersey Journal, Jersey City, N.J.	66,131
The Virginian Pilot/The Ledger Star, Norfolk, Va.	156,644	The Daily Gazette, Schenectady, N.Y.	61,503
The Fresno Bee	148,541	The Stockton Record	55,123
The Morning Call, Allentown, Pa.	136,435	The Eagle-Tribune, Lawrence, Mass.	55,082
Tulsa World	128,311	Daily Southtown Economist, Chicago	52,338
The Wichita Eagle	118,511	The Courier-News, Bridgewater, N.J.	50,654
The Daily Herald, Arlington Heights, Ill.	109,500	Waco Tribune-Herald	47,661
The Christian Science Monitor	104,078	The Chattanooga Times	46,381
Courier-Post, Camden, N.J.	98,134	Peninsula Times-Tribune, Palo Alto, Calif.	39,234
The Washington Times	95,922	The News-Times, Danbury, Conn.	37,940
Daytona Beach News-Journal	95,339	Greenwich (Conn.) Time	37,939
Daily Breeze, Torrance, Calif.	88,283	Standard-Times, San Angelo, Texas	31,755
The Patriot Ledger, Quincy, Mass.	87,018	HFD-Retailing Home Furnishings, New York	31,390
The Times, Trenton, N.J.	81,978		
The Daily Challenge, New York	78,000		



The Philadelphia

AP Associated Press

Los Angeles

THE ORANGE COUNTY Register

10th ANNIVERSARY

BOSTON HERALD

ILLUSTRATION: MONICA R. GUTIER



*The U.S. Chamber's Business Confidence Index, based on your responses to our Business Ballot survey, is a major economic-news story in the national and local media.*

**Inquirer**

**Newsday**

**The Washington Post**

**NEWS**

**NBC**  
**Times**

**The Boston Globe**

**Chicago Sun-Times**

**ABC**

**THE WALL STREET JOURNAL**

The Herald, Rock Hill, S.C.  
The Times Herald, Norristown, Pa.  
The Post-Register, Idaho Falls, Idaho  
The Elkhart Truth, Elkhart, Ind.  
The Outlook, Santa Monica, Calif.  
Marietta (Ga.) Daily Journal  
The Hickory Daily Record, Hickory, N.C.  
Visalia Times-Delta, Visalia, Calif.  
Record-Courier, Kent-Ravenna, Ohio  
Daily Record, Baltimore  
Bond Buyer, New York  
St. Louis Daily Record

30,173  
29,554  
28,752  
  
27,550  
27,389  
27,377  
25,169  
  
23,429  
20,973  
  
5,550  
3,000  
1,219

WNBC-TV Channel 4/New York City  
WABC-TV Channel 7/New York City  
WISN (ABC) Channel 12/Milwaukee  
WGHP-TV (ABC) Channel 8/High Point, N.C.  
All News Channel  
Cable News Network Headline Service  
KUTV-TV (NBC) Channel 2/Salt Lake City  
KTVX-TV (ABC) Channel 4/Salt Lake City  
WALA-TV (NBC) Channel 10/Mobile, Ala.  
KGO-TV (ABC) Channel 7/San Francisco  
WWBT-TV (NBC) Channel 12/Richmond, Va.  
WILX-TV (NBC) Channel 10/Jackson, Mich.  
WVTV-TV Channel 18/Milwaukee  
KTVU-TV (Fox) Channel 2/Oakland, Calif.  
KPIX-TV (CBS) Channel 5/San Francisco  
WTVR-TV (CBS) Channel 6/Richmond, Va.  
KTBC-TV (CBS) Channel 7/Austin, Texas  
WWOT-TV (NBC) Channel 6/Omaha, Neb.  
WJAC-TV (NBC) Channel 6/Johnstown, Pa.  
CNBC  
WUSA-TV (CBS) Channel 5/Washington, D.C.  
Cable News Network  
KTVU-TV (Fox) Channel 2/Oakland, Calif.  
WHDH-TV (CBS) Channel 7, Boston  
WCIU (Ind) Channel 26, Chicago

#### RADIO NETWORKS/STATIONS

ABC  
National Public Radio  
American Public Radio  
Associated Press  
Dow Jones Network  
In Touch Networks  
Independent Broadcasters Network  
KABC/Los Angeles  
KCBS/San Francisco  
KDOWN/Las Vegas  
KGO/San Francisco  
KIRO/Seattle  
KYW/Philadelphia  
Unistar Radio  
WABC/New York City  
WOR/New York City  
WTOP/Washington  
LCYW News Radio 1060

#### TELEVISION NETWORKS/STATIONS

NBC  
ABC  
PBS  
WTFX-TV (Fox) Channel 7/Philadelphia  
WTTG-TV (Fox) Channel 5/Washington, D.C.  
WRC-TV (NBC) Channel 4/Washington, D.C.



## ■ Work Force



## Fighting The Glass Ceiling

Labor Secretary Lynn Martin talks with the U.S. Chamber's Council of Small Business about the need for small companies, as well as large ones, to recognize and eliminate "glass ceilings." Glass ceilings are barriers that keep women and minorities from reaching the upper management ranks in many American companies.

## ■ Victory

# New Law Will Aid Federal Contractors

**P**resident Bush recently signed a new law that is expected to save government contractors millions of dollars in litigation costs and ensure fairness in the handling of lawsuits over contract claims.

The U.S. Chamber of Commerce developed the statute's language and rallied congressional support for the measure.

The law clarifies who may certify a contract claim submitted to a government agency.

It also allows contractors having nonmonetary claim disputes with the government, such as disputes over contract terminations or patents, to turn to the U.S. Court of Claims.

Previous law was vague in defining which employees of a company could certify a contract claim. The govern-

ment used that vagueness to delay or deny payments and to avoid paying interest on amounts due to contractors.

The new law—the Federal Courts Administration Act of 1992—says that any company official authorized by the contractor may certify a claim.

The government also was using the issue of proper certification as a prerequisite for Claims Court review. It said claims not certified by the proper authority—which the government itself determined—could not be reviewed by the U.S. Court of Claims.

The new statute also reaffirms a provision in the Contract Disputes Act of 1978 that allows contractors to use either a government agency's Board of Contract Appeals or the U.S. Court of Claims to resolve nonmonetary government contract disputes.

## ■ Education

# New Resources

**T**wo new publications related to education reform are available from the Center for Workforce Preparation and Quality Education, an affiliate of the U.S. Chamber of Commerce.

*Education Blueprints: A 1990s Guide to Education and Workforce Quality* provides examples of more than 60 education-reform initiatives implemented or fostered by businesses and state and local chambers of commerce. The price of the publication is \$15.

The second publication, *Bridging the Literacy Gap*, is a comprehensive guide for companies and chambers wanting to address the problem of illiteracy. It provides detailed information on how to implement literacy programs at the company work site or in the community. The cost is \$5.

To order, send checks payable to the Center for Workforce Preparation and Quality Education at 1615 H Street, N.W., Washington, D.C. 20062-2000.



## ■ 103rd Congress

## Chamber-Endorsed Election Winners

Following are the candidates elected to Congress Nov. 3 who were endorsed by the U.S. Chamber of Commerce. Candidates in races yet to be decided because of recounts or runoffs are not listed.

The column at the left indicates the congressional seat won. The column at the right indicates the lawmaker's cumulative percentage of pro-business votes on Chamber-selected issues.

STATE/SEAT	CUM %	STATE/SEAT	CUM %
<b>ALABAMA</b>		24 John McHugh (R)*	N/A
SEN Richard Shelby (D)	62	25 James T. Walsh (R)	70
1 Sonny Callahan (R)	90	27 Bill Paxton (R)	88
6 Spencer Bachus (R)*	N/A	31 Arno Houghton (R)	79
<b>ALASKA</b>		<b>NORTH CAROLINA</b>	
SEN Frank Murkowski (R)	78	SEN Lauch Faircloth (R)*	N/A
AL Don Young (R)	66	6 Howard Coble (R)	92
<b>ARIZONA</b>		9 Alex J. McMillan (R)	95
SEN John McCain (R)	83	10 Cass Ballenger (R)	94
3 Bob Stump (R)	89	11 Charles H. Taylor (R)	90
4 Jon L. Kyl (R)	92	<b>OHIO</b>	
5 Jim Kolbe (R)	93	2 Willis D. Gradison Jr. (R)	82
<b>ARKANSAS</b>		4 Michael G. Oxley (R)	92
3 Tim Hutchinson (R)*	N/A	5 Paul E. Gillmor (R)	74
<b>CALIFORNIA</b>		7 David L. Hobson (R)	80
2 Wally Herger (R)	92	8 John A. Boehner (R)	100
4 John T. Doolittle (R)	78	10 Martin Hoke (R)*	N/A
10 Bill Baker (R)*	N/A	12 John R. Kasich (R)	88
11 Richard Pombo (R)*	92	15 Debra Pryce (R)*	N/A
21 William M. Thomas (R)	95	16 Ralph Regula (R)	72
23 Elton Gallegly (R)	N/A	<b>OKLAHOMA</b>	
25 Howard P. McKeon (R)*	90	SEN Don Nickles (R)	88
27 Carlos J. Moorhead (R)	92	1 James M. Inhofe (R)	92
28 David Dreier (R)	N/A	<b>OREGON</b>	
39 Ed Royce (R)*	80	2 Robert F. Smith (R)	89
40 Jerry Lewis (R)	N/A	<b>PENNSYLVANIA</b>	
41 Jay Kim (R)*	N/A	SEN Arlen Specter (R)	53
43 Kenneth Calvert (R)*	89	5 William F. Clinger Jr. (R)	75
44 Alfred A. McCandless (R)	88	7 Curt Weldon (R)	72
45 Dana Rohrabacher (R)	86	8 James Greenwood (R)*	N/A
46 Robert K. Dornan (R)	75	9 Bud Shuster (R)	86
47 Christopher C. Cox (R)	90	16 Robert S. Walker (R)	85
48 Ron Packard (R)	90	17 George W. Gekas (R)	86
51 Duke Cunningham (R)	90	18 Rick Santorum (R)	80
52 Duncan Hunter (R)	85	19 William F. Goodling (R)	76
<b>COLORADO</b>		21 Thomas J. Ridge (R)	70
3 Scott McInnis (R)*	N/A	<b>RHODE ISLAND</b>	
4 Wayne Allard (R)	100	1 Ron Macfadyen (R)	62
5 Joel Hefley (R)	93	<b>SOUTH CAROLINA</b>	
6 Dan Schaefer (R)	83	1 Arthur Ravenel Jr. (R)	79
<b>CONNECTICUT</b>		2 Floyd Spence (R)	84
5 Gary Franks (R)	100	<b>TENNESSEE</b>	
6 Nancy L. Johnson (R)	64	1 James H. Quillen (R)	83
<b>DELAWARE</b>		2 John J. Duncan Jr. (R)	82
AL Mike Castle (R)*	N/A	7 Don Sundquist (R)	83
<b>FLORIDA</b>		<b>TEXAS</b>	
1 Earl Hutto (D)	76	3 Sam Johnson (R)	100
4 Tillie Fowler (R)*	N/A	4 Ralph Hall (D)	70
6 Cliff Stearns (R)	79	6 Joe Barton (R)	92
7 John Mica (R)*	87	7 Bill Archer (R)	92
8 Bill McCollum (R)	82	8 Jack Fields (R)	91
9 Michael Bilirakis (R)	79	12 Pete Geren (D)	77
10 C.W. Bill Young (R)	N/A	13 Bill Sarpalius (D)	79
12 Charles Canady (R)*	N/A	14 Greg Laughlin (D)	71
13 Dan Miller (R)*	88	17 Charles W. Stenholm (D)	80
14 Porter J. Goss (R)	85	19 Larry Combest (R)	90
16 Tom Lewis (R)	N/A	21 Lamar S. Smith (R)	89
21 Lincoln Diaz-Balart (R)*	84	22 Tom DeLay (R)	92
22 E. Clay Shaw Jr. (R)	84	23 Henry Bonilla (R)*	N/A
<b>GEORGIA</b>		26 Richard K. Arney (R)	97
4 John Linder (R)*	N/A	28 Frank Tejeda (D)*	N/A
6 Newt Gingrich (R)	87	<b>UTAH</b>	
9 Nathan Deal (D)*	N/A	SEN Robert Bennett (R)*	N/A
10 Don Johnson (D)*	N/A	1 James V. Hansen (R)	90
<b>IDAHO</b>		<b>VIRGINIA</b>	
SEN Dirk Kempthorne (R)*	NA	1 Herbert H. Bateman (R)	83
2 Mike Crapo (R)*	N/A	5 Lewis F. Payne Jr. (D)	70
<b>ILLINOIS</b>		6 Thomas J. Biley Jr. (R)	92
2 Mel Reynolds (D)*	N/A	10 Frank Wolf (R)	78
<b>INDIANA</b>		<b>WASHINGTON</b>	
SEN Dan Coats (R)	86	8 Jennifer Dunn (R)*	N/A
5 Steve Buyer (R)*	N/A	<b>WISCONSIN</b>	
6 Dan Burton (R)	87	2 Scott L. Klug (R)	80
7 John T. Myers (R)	79	3 Steve Gunderson (R)	79
<b>IOWA</b>		6 Thomas E. Petri (R)	74
SEN Charles E. Grassley (R)	77	8 Toby Roth (R)	82
2 Jim Nussle (R)	90	9 F. James Sensenbrenner Jr. (R)	81
3 Jim Lightfoot (R)	89	<b>WYOMING</b>	
5 Fred Grandy (R)	89	AL Craig Thomas (R)	97
<b>KANSAS</b>			
SEN Bob Dole (R)	84		
1 Pat Roberts (R)	91		
3 Jan Meyers (R)	81		
<b>KENTUCKY</b>			
4 Jim Bunning (R)	92		
5 Harold Rogers (R)	80		
6 Scotty Baesler (R)*	N/A		
<b>LOUISIANA</b>			
1 Bob Livingston (R)	87		
3 W.J. (Billy) Tauzin (D)	71		
5 Jim McCrery (R)	91		
6 Richard H. Baker (R)	95		
<b>MAINE</b>			
2 Olympia Snowe (R)	66		
<b>MARYLAND</b>			
1 Wayne T. Gilchrest (R)	90		
2 Helen Delich Bentley (R)	71		
6 Roscoe Bartlett (R)*	N/A		
<b>MASSACHUSETTS</b>			
3 Peter Blute (R)*	N/A		
6 Peter Torkildsen (R)*	N/A		
<b>MICHIGAN</b>			
2 Peter Hoekstra (R)*	N/A		
3 Paul B. Henry (R)	83		
4 David Camp (R)	100		
5 Jim Bancala (D)*	N/A		
6 Frederick S. Upton (R)	95		
7 Nick Smith (R)*	N/A		
11 Joseph Knollenberg (R)*	N/A		
<b>MINNESOTA</b>			
3 Jim Ramstad (R)	80		
6 Rod Grams (R)*	N/A		
<b>MISSISSIPPI</b>			
3 G.V. (Sonny) Montgomery (D)	80		
4 Mike Parker (D)	85		
5 Gene Taylor (D)	71		
<b>MISSOURI</b>			
SEN Christopher S. Bond (R)	80		
2 James Talent (R)*	N/A		
7 Mel Hancock (R)	85		
8 Bill Emerson (R)	84		
<b>NEBRASKA</b>			
1 Doug Bereuter (R)	84		
3 Bill Barnett (R)	90		
<b>NEVADA</b>			
2 Barbara F. Vucanovich (R)	86		
<b>NEW HAMPSHIRE</b>			
SEN Judd Gregg (R)*	N/A		
1 Bill Zeith (R)	100		
<b>NEW JERSEY</b>			
3 Jim Saxton (R)	77		
5 Marge Roukema (R)	74		
7 Bob Franks (R)*	N/A		
11 Dean A. Gallo (R)	75		
12 Dick Zimmer (R)	70		
13 Robert Menendez (D)*	N/A		
<b>NEW MEXICO</b>			
1 Steven H. Schiff (R)	79		
2 Joe Skeen (R)	83		
<b>NEW YORK</b>			
SEN Alfonse D'Amato (R)	63		
4 David Levy (R)*	N/A		
13 Susan Moynihan (R)	63		
22 Gerald B.H. Solomon (R)	80		

\* Freshman



## ■ Regional Meetings

# Members Begin Work On '93 Agenda

(Continued from Page 81)

important element in the formulation of that business agenda. The main message to Washington from the meetings was simple: Balance the budget, and improve the economy.

Balancing the budget topped the priority lists at four meetings—in Rye, N.Y.; Chicago; Los Angeles; and Atlanta. Economic-growth incentives was No. 1 at a fifth meeting, in Dallas.

Reforming education, entitlement programs such as Social Security and Medicare, health care, tort laws, and the federal regulatory process were other top concerns. Attendees also said that partnerships between business and government would be useful in achieving some goals, such as re-educating workers and developing new technologies.

Watch for more details on the Feb. 23 national action rally in the next issue of *Nation's Business*.



In top photo, business people at the regional meeting in Rye, N.Y., vote on federal legislative priorities for 1993.

In second photo above, Robert Martin, vice president and executive director of the U.S. Chamber's Center for Workforce Preparation and Quality Education, and Beverly Smalt,

executive vice president of the Hamburg (N.Y.) Chamber of Commerce, direct a session on education and training.

Above, U.S. Chamber Chairman H. William Lurton tells regional meeting attendees in Los Angeles about the importance of "hammering out an agenda for action that reflects a business consensus and which conveys a sense of immediacy."



Above, Mary Birch, president of the Overland Park (Kan.) Chamber of Commerce, explains how priorities will be recorded during a breakout session at Rye, N.Y.





In top left photo, U.S. Chamber Chairman H. William Lurton (left) speaks with Donald D. Doyle (center), president of the San Francisco Chamber of Commerce, and an unidentified conference participant.



Above, a participant in the Rye, N.Y., meeting makes a point during a breakout session.

At each meeting, a panel discussed the vital role that voices from the grass roots play in shaping the opinions of lawmakers on Capitol Hill. The Rye, N.Y., panel (in photo at left) consisted of, from left to right, Michael Keenan of NYNEX, Robert Heise of the Berks County (Pa.) Chamber of Commerce, Michael Fleming of the Business Council of New York, and U.S. Chamber President Richard L. Leshner.

## ■ Clinton's Victory

Responding to the election of Bill Clinton as president, U.S. Chamber of Commerce President Richard L. Leshner said that "a lot of business people voted for him" and "there's a lot in his program business supports."

Leshner made his comments during a Nov. 4 taping of "It's Your Business," the public-affairs television show produced weekly by the Chamber.

Two measures important to business that Leshner said he expects to be part of Clinton's proposals to stimulate the economy are a capital-gains tax cut and an investment tax credit.

Such measures were among the items Chamber members said they viewed as important during the organization's fall series of regional meetings.



Above, Nancy Bender (center) of the Simi Valley (Calif.) Chamber of Commerce and Ernie O'Dell of the Redondo Beach (Calif.) Chamber of Commerce discuss their concerns. At left, Yvonne Nix, director of ARCO's civic action program, offers tips on grass-roots action to affect legislation during the luncheon program in Los Angeles.



# The Nation's Market Place

CLASSIFIED ADVERTISING

## AUTOMOTIVE

1965 Buick Wildcat Convertible  
1961 Olds Hardtop  
1967 Cadillac Convertible (2)  
1975 Pontiac Convertible  
302-653-7031

## BOOKS/PUBLICATIONS

MANUSCRIPTS WANTED, all types. Subsidy publisher with 70-year tradition of quality. 1-800-695-9599.

## BUSINESS OPPORTUNITIES

(FREE INFORMATION) MAKE Big Money On Hundreds Of Products! James Ball, Box 297702, Columbus, OH 43229.

## PLUG-IN ELECTRIC HEAT MAT FOOT-WARMER



End complaints about cold office floors or chill in enclosed areas. There's no need to use high wattage space heaters. FOOT-WARMER PLUGS INTO STANDARD 100v OUTLETS and draws only 75 watts for low-cost effectiveness. Made of heavy duty rubber with sealed insulated circuit. Size is 14" x 21".

**1 to 3: \$45 ea. 4 or more: \$42 ea.**

USE YOUR VISA OR MASTERCARD TO ORDER  
CALL TOLL FREE 1-800-662-5021  
312-648-2191  
OR FAX YOUR ORDER: 312-648-0319

**INDUS-TOOL** 730 W. LAKE, DEPT. BA  
CHICAGO, IL 60661

## BUSINESS OPPORTUNITIES

FREE 900# - NO Obligation  
Call 1-900-988-0054. Ext. 466. \$2.00 min-ute refunded.

MAKE MILLIONS, QUICKLY  
\$2.00. Sunset, 1509(BA) Valencia, Rialto, CA 92376.

GIFT SHOPS: Wholesale catalog, 1,000's of fine gifts. Affordable retail. No minimum order. MARNOR, PO Box 47(BA), Marion, IA 52303-0047.

MAIL ORDER OPPORTUNITY! Start profitable home business without experience or capital. Write for free book, plus details. No obligation. Mail Order Associates, Inc., Dept. 785, Montvale, NJ 07645.

EARN WITH OWN 900#  
\$10,000+ MONTHLY  
Guaranteed Results • Customer Support  
At Home • Part-time • Online programs available  
FREE DETAILS with SASE  
For a legitimate opportunity that will change your life  
Write Today: THE MOTHER COMPANY  
P.O. BOX 927-BG • Waukegan, IL 60072

## BUSINESS OPPORTUNITIES

LET THE GOVERNMENT FINANCE your small business. Grants/loans to \$500,000. Free recorded message: 707-448-0270. (MXI)

FREE INFORMATION On Getting into The 900 Business. MTC-BG, Box 720104, San Diego, CA 92172.

EXPORTING/IMPORTING BASICS Guide, \$79. NRH Associates, PO Box 178, Swanton, Vermont 05488.

UP TO \$10,000 Monthly—Own Your Own 900# With No Investment • Free Details. Box 1123, Phelan, CA 92371.

NEW IDEAS IN Mail Order, Big Report, Send \$3.00 to: S. LAUDENSLAGER, PO Box 143(BA), Millersburg, PA 17061.

UNLIMITED EARNING POTENTIAL—\$. Get paid for something you and others already do. Amazing recorded message reveals details. Call 24 hours: 1-713-639-5536.

EARN \$10,000.00 MONTHLY with your very own #900 number. No investment. Free Details: Diversified, Box 23711(BA), Chattanooga, TN 37422.

INCREASE SALES WITH 800 LINE & CREDIT CARDS  
Our Sales Response Center answers 800 lines, sells products, stores/ships & then pays you via receipts from major credit cards. Monthly minimum only \$100.00. Call 800-638-2000 or write: Sandie Olson, Tel-aRep 800, P.O. Box 158, Glen Burnie, MD 21060. Canada call 800-678-4560. Over 20 years of successful selling for others.

LIMITED OFFER  
\$1000 PER WEEK POSSIBLE  
FROM YOUR HOME  
95% OF THE WORK WILL BE DONE BY COMPANY. DETAILS \$2P&H  
BUTLER  
PO BOX 787  
LAKE DALLAS, TX 75065

## BUSINESS OPPORTUNITIES

EARN \$10,000 MONTHLY with your very own 900#. NO investment. Free details: 140 Busby Road, Waynesboro, MS 39367.

MAIL ORDER CANDY Dealership! Free details: Candies, Box 53549 (BA), Lafayette, LA 70505-3549.

EARN \$10,000 MONTHLY with your very own 900 number. No investment. Free Details. HB Promotions, 2594 Lee Road 154, Opelika, AL 36801.

AN OUTSTANDING MAIL ORDER OPPORTUNITY! Start profitable home business without experience and minimum capital. Write for details. Mail Order Empire, Dept 33C, 3374 Aztec Rd., Doraville, GA 30340.

## CARPET

TREMENDOUS SAVINGS ON MAJOR BRANDS OF CARPET  
From The Carpet Capital of the World  
FEATURING CARPETS OF ANSO CRUSHRESISTER  
(The Carpet That Bounces Back)  
Call or Write for Brochure and Samples  
Beckler's Carpet Outlet, Inc.  
P.O. Box 9, Dalton, GA 30720  
Call 800-232-5537  
Established 1949  
Buy direct from mill outlet and save!

Send inquiries to:  
P.O. Box 1200  
Washington, D.C. 20013  
Attn: Classified Advertising  
or  
CALL TOLL FREE  
800-424-6746

## An "Insider's" Guide THE LOBBYING HANDBOOK



By John L. Zorack, Esq.

1115 pages  
93 exhibits  
6" x 9"  
hardcover

This one-of-a-kind reference includes:

- \* how to pass or amend laws and change regulations
- \* lobbying strategies, principles, techniques, lobbying campaigns, master plans, committee system, and scheduling
- \* lobbying the Executive and Legislative Branches and OMB
- \* grass-roots lobbying, coalition building, congressional communications
- \* Political Action Committees, Federal Election Commission, fundraisers, ethics, and appropriations process
- \* House and Senate parliamentary procedure, floor strategy, and timing
- \* an indexed version of the Constitution, synopses of laws establishing jurisdiction of regulatory agencies, congressional committees, jurisdiction, plus 80 interviews of Washington "insiders!"

"A must book for legal libraries."

Zuckert, Scout & Rosenberger

"... I trust that all readers will find *The Lobbying Handbook* as valuable as I have."

Senator Howard Baker

Please send *The Lobbying Handbook* for 30 days trial under your Introductory Guarantee for \$125.00 plus \$4.50 shipping and handling. (D.C. residents add 6% sales tax.) I may return the book any time within 30 days for a full refund, including postage.

Send to: THE LOBBYING HANDBOOK  
% Nation's Business  
P.O. Box 1200, Washington, D.C. 20013  
Payment enclosed  
Mastercard  
VISA  
(Please make checks payable to  
PLCC-THE LOBBYING HANDBOOK.)

THE LOBBYING HANDBOOK

Account Number

Expiration Date

Signature (Required for Credit Card Orders)

Daytime Phone (in case we have a question on your order)



**CARPET**

**BUY DIRECT - SAVE 40 TO 50%**  
Barrett's "Carpet Mill Store"  
(A mill-owned outlet)

Big savings - All qualities business and home carpets. All major fibers including Stainmaster(R) by Dupont, Anso V Worly Free(R) by Allied, Wear Dated(R) Stainblocker by Monsanto, & others. FREE sample folders. I-75, exit 135, PO Box 2045 (3004 Perquim Rd) Dalton, GA 30722. 1-800-241-4064, ext. 79. Ga. 1-800-447-2114.

**FINANCE**

**NEED MONEY?**  
LOANS, CREDIT CARDS, ETC.  
809-764-5444. 8AM-8PM EST.

GET A JOEL Eyecatching resumes. Free information. Borgstar, Bus 11894, St. Paul, MN 55111.

CREDIT CARD USERS save \$1,000's. Send \$5.00 to: Credit Card Secrets, Box 72515, Corpus Christi, TX 78472-2515.

Meet 1400 investors with one call. \$4 billion for business. Free information (recorded message): (707) 448-3818. Gibbs Publishing (JMX1).

Business Loans, Expansion Loans, venture capital for any purpose. Request information from MoneyNet, PO Box 527, North Lima, OH 44452.

**FURNITURE**

TREMENDOUS SAVINGS ON MAJOR BRANDS OF FURNITURE!  
Call or write Loftin-Black Furniture Co., 111 Sedgehill Dr., Thomasville, NC 27360. Call Toll Free 1-800-334-7358 (In N.C. 919-472-6117)  
NATIONWIDE HOME DELIVERY

**LEGAL SERVICES**

CIVIL & WHITE COLLAR  
CRIMINAL LITIGATION  
Call Gregory W. Stevens, Esq.  
202-371-8991

**LOBBYING SERVICES****PROFESSIONAL LOBBYING SERVICES**

FREE telephone consultation on Congressional/Government problems. 250 lobbyists/consultants available to handle any issue; great talent at great prices! A unique Washington, D.C. service organization covered by The Wall Street Journal, Business Week, Inc., & Newsweek. Call/write John Zorack, Esq., 800-795-6229. Professional Lobbying and Consulting Center, 1111 14th St. N.W., Suite 1001, Wash. D.C. 20005.

**MAIL ORDER**

**DISPOSABLE ENERGY LIGHT.** Bright enough to change a tire in the dark. Ideal for joggers, campers, fishermen. Lasts 12 hours. Fits in your glove box, purse or pocket. Distributor ships avail. \$3.99/each or 3 for \$10. (incl. shipping) Best Products Co., PO Box 527, N. Lima, OH 44452. For info. on large quantities call: 216-549-5274.

**OF SPECIAL INTEREST**

NEW COMPLETE IMPORT/Export Instruction Manual. Only \$29.50. BMA, 41 Sutter, #1364, SF, CA 94104.

INTERNATIONAL PEN FRIENDS: 300,000 members, 156 countries, free information. Write to: JPF-S. Elyachar, 4510 W. 87th Street, Prairie Village, KS 66208.

GUARANTEED DETAILED EXPERT Report, 6 Unique Business Ideas. Finance, Plan, Marketing & Hi-Tech Support. For immediate Response: \$3.00. BMA, 41 Sutter #1364, SF, CA 94104.

TELL EVERY MUSICIAN You Know We're Looking For Unknown Amateurs For Possible Recording Contract. Call Toll: 1-800-926-9559. Free Call-Recorded Message. Day/Night. No Obligation.

ATTENTION: PROVEN "TEACHING Children Study Skills" - "Conducting Effective Meetings" Written by experienced educator. \$24.95 ea. plus \$4.00 shipping. L. Mickelson, 1346 North Victoria, St. Paul, MN 55117.

**PROFESSIONAL SERVICES****BODYGUARDS**

HOW TO train professionals. All needs are handled. Domestic & foreign travel. Call G. Randolph: 1-908-636-8465-Voice Mail.

**REAL ESTATE Vacation Rental**

CAPISTRANO BCH, CA. On the ocean. Homes/condos in private, gated community. All sizes. Special winter rates by wk/mo. Agt. 800-397-6931.

SANIBEL ISLAND, FLORIDA Vacation Rental. Luxury 2 BR, 2 BA home. Swoops 6. Pool and tennis court. Golf access. Very private. \$650/wk. 5/1-12/14. \$1,075/wk. 12/15-4/30. Write/call Peggy Lewis, 10545 Larkspur Dr., St. Louis, MO 63123. 314-842-2147.

**TRAVEL**

AMAZING TRAVEL CLUB, INFORMATION \$1.00. M.C. Wilson, 1735 (BA) SHERBOURNE, LOS ANGELES, CA 90035.

FREE HAWAII LODGING! (5NTS) \$1 & SAVE FOR DETAILS! WILLIE CARSON, 5835(BA) BLUFFMAN DR., DALLAS, TX 75241.

50% OFF OVER 1,000 Hotels, Cruise, Airfare, Car Rentals Discounts. Information \$1.00 (Refundable With Order). SALAA SALES CO., PO Box 101702(A), Denver, CO 80250.

# GET THE FACTS ABOUT FRANCHISING BEFORE YOU INVEST

**Franchising: How To Be In Business For Yourself, Not By Yourself** is a valuable videotape containing the advice you need to make an informed franchise decision. Includes valuable information from lawyers, franchisors, accountants, bankers and top government officials on how to negotiate and begin a successful franchise. Learn how franchisors evaluate you and how to judge offers. Avoid the pitfalls and get the insiders' information to begin your successful franchise venture. Available for **\$49.95 + \$4.00** for UPS shipping and handling (VHS or Beta format).

Running time: 58 minutes.



Order your videotape by calling **1-800-547-9797**, or send your prepaid order to: Nation's Business, Circulation Department, 1615 H Street, N.W., Washington, D.C. 20062-2000.



## ■ Opportunities

# Conference Explores Trade With Asia

Chulsu Kim (near right), president of the Korea Trade Promotion Corp., led a discussion of investment and financial opportunities in northeast Asia at a recent conference sponsored by the U.S. Chamber and the Korea Economic Institute of America. Joe Rogers (far right), former U.S. ambassador to the Asian Development Bank, also spoke.



The panel on trade opportunities included (above, left to right) Robert Warne of the Korea Economic Institute; Ichiro Kanade, president of Itochu International; Joe Rogers, former U.S. ambassador to the Asian Development Bank; William Farrell, executive director of the American Chamber of Commerce in Japan; and Chulsu Kim, president of the Korea Trade Promotion Corp. Above, Farrell expresses his views on the Japanese market.



Michael H. Moskow, deputy U.S. trade representative, encouraged trade with the countries of northeast Asia.